



## Israel calls at Nakoura for clear Unifil role

**Jerusalem Post Staff**  
NAKOURA. — Israel yesterday insisted on a "package deal" that includes a clearly defined role for UN peacekeeping forces as a condition for ending its 30-month occupation of South Lebanon, conference sources in the troop withdrawal talks said.

The sources said the Lebanese delegation at the negotiations in this Lebanese border town outlined a plan for the Lebanese army to take over South Lebanon once the Israeli Defence Forces withdraw.

But the Israeli side insisted it wants a package that would also involve a detailed agreement on the role, deployment and operational zone of the UN Interim Force in Lebanon (Unifil), according to the sources who spoke on condition they would not be named.

A well-informed source said the Lebanese delegation presented one map outlining its army's proposed deployment, and another suggesting where Unifil should be. Israel then suggested amendments.

Israel proposed that Unifil be deployed mainly in the north, in place of some Lebanese troops. This was referred to as a proposed deployment of "combined forces," which could be a phrase designed to allevi-

ate Lebanese sensitivity regarding infringement of its sovereignty by large numbers of foreign forces.

Lebanon, for its part, suggested a big Unifil component in "combined forces," deployed along the border with Israel.

Israel also suggested that "other forces" be deployed in the south. This was a reference to the South Lebanese Army and other local forces whose presence the Lebanese are still opposing.

An Israeli Navy gunboat patrolled offshore and IAF jets flew repeated reconnaissance runs over the site of the negotiations at Unifil's headquarters, which was ringed by soldiers from Unifil's French contingent.

Neither delegation sent a spokesman to the usual mid-day briefing of reporters on the scene.

Conference sources said the news blackout was the result of a "gentleman's agreement" concluded in a previous session to refrain from public statements that might jeopardize the talks.

Spokesman for both sides earlier said at the start of the talks there would be "few details" released about yesterday's discussions because they mostly concerned military matters.



Prime Minister Shimon Peres talks with French President Francois Mitterrand yesterday at the Elysee Palace. (GPO)

## Union Carbide claims

### Gas that killed 1,000 also made in Israel

By WOLF BLITZER (Washington) and LORA MORIEL (Beersheba)

Methyl isocyanate, the gas that leaked from a pesticide plant in India and killed more than 1,000 people and seriously injured thousands of others, is manufactured in Israel and four other countries outside the U.S.

This was disclosed yesterday by a spokesman for Union Carbide, the American chemical manufacturer which built the plant in Bhopal, India.

Harvey Cobert, a public information official at the company's headquarters in Danbury, Connecticut, told *The Jerusalem Post* in a telephone interview that Union Carbide does not have any operations in Israel. But he said the chemical was

made and distributed by an Israeli firm, although he did not know its name.

Inquiries at the U.S. Chemical Manufacturers Association and the American Chemical Society failed to identify the Israeli company involved in the manufacture of the dangerous chemical.

The chemical is widely used to make a family of pesticides known as carbamates, which are said to degrade in the environment and can supposedly be used more safely than DDT.

According to the Union Carbide spokesman, methyl isocyanate is also made in Japan, West Germany, Taiwan and South Korea. Union Carbide said it had no operations in Israel. (Continued on Page 2, Col. 1)

## Israel 'regrets' EEC policy on PLO

**Post Diplomatic Correspondent**

Israel yesterday "welcomed" a statement by the leaders of the European Economic Community urging direct negotiations in the Middle East, but "regretted" that the 10 leaders had called once again for the PLO to be associated with peace talks in the area.

The foreign ministry in Jerusalem issued these comments in reaction to a declaration on the Middle East issued at the EEC summit conference in Dublin this week.

The EEC leaders, in their declaration, said that "no amount of effort by direct parties can be a substitute for direct negotiations among the parties themselves — the Arab states,

Israel and the Palestinian people — which must recognize mutually each other's existence and rights."

The declaration "noted the recent holding of the Palestine National Council in Amman. They continue to believe that the PLO must be associated with the peace negotiations."

The Israeli response asserted that the PNC meeting "has demonstrated yet once more that the PLO's aim is to destroy Israel, not to make peace with her. It should be recalled that one of the central themes of the conference was a call to continue the armed struggle against Israel, which is a euphemism for the continuation of terrorism."

## Navon acting premier for 48 hours

**Post Diplomatic Correspondent**

Deputy Prime Minister Yitzhak Navon (Labour) became acting prime minister at midnight, when Vice Premier Yitzhak Shamir, who was acting prime minister at the time, left for the U.S.

Navon will give up the title after 48 hours, when Prime Minister Shimon Peres returns from France.

Navon's appointment was formally endorsed by the cabinet yesterday, as required by law, in a telephone poll.

Earlier, officials had said that Minister without Portfolio Moshe Arens (Likud-Herut) would be acting prime minister for the weekend, because he had been

named acting foreign minister in place of Shamir, and that meant that he was acting vice premier too. The officials also argued that under the coalition agreement, the vice premier steps in when the prime minister is away.

This tortuous logic was apparently conceived to hide the fact that the cabinet, and its secretariat, had forgotten to make provision for the simultaneous absence abroad of Peres and Shamir.

In October, when the two men were in Washington together, Peres had the cabinet take a decision in advance naming Navon acting premier.

## Shamir to America

**Jerusalem Post Staff**

Vice Premier Yitzhak Shamir was to leave late last night for New York and then Central America.

In the U.S., Shamir is scheduled to be awarded an honorary doctorate at Yeshiva University, along with Secretary of State George Shultz. Officials said Shamir would take the opportunity to hold a substantive conversation with Shultz, their first since the U.S. presidential election.

He is then due to go to Panama and Venezuela on official visits.

## Maccabi Tel Aviv beat Banco Roma

**Post Basketball Reporter**

TEL AVIV. — Maccabi Tel Aviv defeated European champions Banco Roma 95-86 in the opening game of the European Cup final pool at Yad Elihu last night.

After leading 44-34 at half time, they withstood the sending off of star Lee Johnson for an uncharacteristic but violent moment of indiscretion after he had been brutally fouled by Banco's Flowers.

The game was a bruising affair with numerous fouls. But a titanic effort by Maccabi enabled them to forestall a Banco comeback and they emerged winners, but not entirely unscathed. Johnson may have to miss next week's crucial game against Real Madrid.

## Jordan Valley blasts may have been rockets

**Jerusalem Post Reporter**

TIBERIAS. — Two explosions heard yesterday in the Jordan Valley are believed to be caused by Katyusha rockets fired from Jordanian territory. No sign of impact has been found.

If it was rocket fires, it was the second case of Katyusha fire from Jordan in a month. Defence Minister Yitzhak Rabin warned Jordan the previous time not to permit hostile action from its territory.

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## Samaria land buyers may be out in the cold

By MICHAEL YUDELMAN  
**Jerusalem Post Reporter**

Scores of Israelis who purchased land in a projected settlement in Samaria may have jeopardized their savings, with neither they nor the company which sold the land nor government officials able to say exactly where the settlement is.

The land was purchased from the Kramim Company Ltd. (Kramim Bini U'Pituah) starting in April 1983 from the offices of contractors Moshe and Yigal Gindi.

But deputy State Attorney Pina Albeck said yesterday that the government has not approved the projected settlement, called Kramim.

Attorney-General Yitzhak Zamir and Police Minister Haim Bar-Lev recently received material concerning the land transactions in Kramim, which they have been asked to investigate.

Moshe Gindi told *The Jerusalem Post* yesterday that none of his clients have complained and all were very pleased with the deal, which was in an advanced stage. He explained that Kramim is a westward extension of Karmel Shomron.

Gindi could not say how long it would be before the purchasers could begin building but insisted that the Ministerial Settlement Committee had approved the project.

But Albeck told *The Post* that a settlement may not even be entered without her approval, as the director of the civil department in the State Attorneys Office. "I did not approve that area," she stressed. The projected settlement is definitely not an extension of Karmel Shomron and needs a separate approval, she said.

The map attached to the contract

shows that the area called Kramim is well to the northwest of Karmel Shomron.

*The Post's* investigation revealed that the Kramim company is not registered as the owner of the Kramim site as marked on the map attached to the purchase contract.

The Land Registration Office (Tabu) in Beit El lists the present owner of the site as Amina Mussa-Hamed of Kafr Hajja, which is very close to the Kramim site on the map.

An official in the Land Registration Office said he believes the land has been sold to the Dina Company or another company who sold a part of it to the Kramim company. But the sale is not official.

A full-page advertisement in *Ma'ariv* in April last year urged people to buy land in "the best deal in Samaria." The advertisement said that for \$3,100 in cash, or for monthly instalments of \$1,650 each.

Eyal and Shoshana Ya'acov of Haifa were among the many people attracted by the advertisement. They say they were convinced by the salesperson that one half-dunam plot gross was not enough to build a villa on. They paid \$3,300 as a down payment on two plots.

They say they then gave the Gindi representative 12 cheques totalling \$286,521 in exchange for a receipt which does not state the name of the recipient.

After a year of repeated promises about an impending raffle to allot land in Kramim where they could immediately start building, the Ya'acov family received a letter informing them that they owe the

(Continued on Page 15)

## Airbus hijackers execute two passengers at Teheran

NICOSIA (AP). — Hijackers holding a jetliner at the Teheran airport yesterday executed a man who identified himself as a U.S. diplomat out of the plane, made him beg for his life and then shot and killed him, Iran's official media reported.

The man had identified himself as the U.S. consul in Pakistan, Iran's Islamic Republic news agency (Irna) said. However, in Washington, the State Department said the U.S. consul in Pakistan was not aboard the plane. The State Department said there were three officials from the U.S. Agency for International Development among the hostages.

Later, Irna, monitored here, said the man was an employee of the U.S. consulate in Pakistan.

The hijackers of the Kuwaiti plane last night killed another hostage, a Kuwaiti citizen. This happened after the Kuwaiti government refused to provide a relief crew to replace the plane's exhausted crew.

On Tuesday the hijackers killed a hostage they identified as a U.S. diplomat. The State Department said that victim may have been a U.S. official.

Kuwait Radio reported that the hijackers released 30 more passen-

gers yesterday, bringing the total released to nearly 100 passengers.

The hijack drama began Monday night when five Arabs took control of a Kuwaiti airliner with 161 people aboard while on a flight from Kuwait to Karachi, Pakistan, after a stop in Dubai.

The hijackers want the release of 14 terrorists imprisoned in Kuwait for carrying out suicide bomb attacks on the U.S. Embassy and French Consulate in Kuwait in December 1983. They have threatened to blow up the plane if their demands are not met.

Irna said Iranian President Ali Khamenei sent his personal adviser to Mehrabad Airport "to familiarize himself fully" with the situation.

Earlier in the day Khamenei received a message from Kuwait ruler Sheikh Jaber al-Ahmed al-Sabah asking him to intervene personally to end the hijacking peacefully.

Similar messages were sent to Khamenei by Syrian President Hafez Assad, who is Iran's main Arab ally, UAE president Sheikh Zayed Bin Sultan al-Nahyan, Saudi Arabia's King Fahd, and the Gulf Cooperation Council, according to Arab and Iranian news media.

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EN TEL AVIV

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RESIDENTES EN ISRAEL**

El Registro Electoral continuará hasta el día 14 de diciembre de 1984. Todos los ciudadanos peruanos que aún no hayan obtenido la nueva Libreta Electoral deberán apersonarse en las oficinas del Consulado. La atención será todos los días hábiles de 09.00 a.m. a 17.00 p.m., en 48 Hei Ba Iyar (Kfar Hamendim), primer piso, Tel Aviv. Para mayores informes llamar al teléfono 03-258275.

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CHICAGO	-12	-8	Cloudy
COPTA	10	13	Clear
FRANKFURT	3	7	Cloudy
GENEVA	4	7	Cloudy
HONG KONG	16	22	Clear
JAKARTA	11	22	Clear
LONDON	7	10	Cloudy
MADRID	5	11	Cloudy
MEXICO	10	18	Clear
NEW YORK	8	12	Cloudy
OSLO	4	7	Cloudy
PARIS	5	8	Cloudy
RIO DE JANEIRO	19	24	Clear
SAO PAULO	18	24	Clear
STOCKHOLM	10	13	Cloudy
TOKYO	10	13	Cloudy
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## THE WEATHER

Forecast: Clear and cold.  
Outlook for Sabbath: Partly cloudy.

	Yesterday's	Humidity	Min-Max	Today's
Jerusalem	22	50	10-10	10
Golan	22	50	10-10	10
Nahariya	34	50	10-10	10
Safed	34	50	10-10	10
Haifa Port	38	50	10-10	10
Tiberias	30	50	10-10	10
Nazareth	30	50	10-10	10
Afula	35	50	10-10	10
Shomron	28	50	10-10	10
Tel Aviv	30	50	10-10	10
P-G Airport	39	50	10-10	10
Jericho	45	50	10-10	10
Gaza	33	50	10-10	10
Beerseba	18	50	10-10	10
Eilat	30	50	10-10	10

## SOCIAL & PERSONAL

A festive Hanukkah luncheon will take place at 1 p.m. Sunday, December 16, at the Wizo Club, 1 Rehov Mapu, Jerusalem. MK Simha Dinitz will speak, in English, on "Israel's Struggle for Peace and Security." Reservations: Tel. 02-227692.

## KILLER GAS

(Continued from Page One)

Carbide, he said, is not involved in those operations either. It makes the chemical only in the U.S., he said.

Meanwhile, the Health Ministry yesterday asked scientists from the Makhteshim Chemical Works in Beerseba to come to Jerusalem and explain how the firm manufactures carbonyl — a pesticide that was also produced at the Indian plant where the gas leak occurred this week.

Makhteshim deputy director Sheike Pikarsky said his firm does not use methyl isocyanate in making the pesticide.

It was not clear last night whether the Union Carbide spokesman in the U.S. was referring to Makhteshim or another, as yet unidentified, Israeli firm.

Carbonyl is produced at Makhteshim's plant at the Ramat Hovav industrial park 12 kilometers south of Beerseba. It is called Ravion by the Israeli firm, and Sevin by Union Carbide, which produces it in the U.S. and under licence at the plant in India.

The Indian plant uses methyl isocyanate to produce carbonyl. But Makhteshim's Pikarsky said yesterday that: "We have no connection with Union Carbide and we don't have the same component. He added: "We have a product similar to (Sevin), but it is made using a different process."

Makhteshim's Ravion is made with phosgen and chlorine. It has been manufactured in Ramat Hovav for four years under strict safety rules. There have been no malfunctions, and the management is confident that its safeguards are sufficient.

## HOME NEWS

In filmed reconstruction at trial

## Terror suspect: Intention was to deter, not kill

Filmed reconstructions of various actions by suspects in the Jewish terror trials were screened yesterday at the Jerusalem District Court after the prosecution had argued against the screening. A group of Jewish settlers from Judea and Samaria are on trial, charged with terrorist actions against Arabs and planning to blow up Moslem shrines on Temple Mount.

Uzi Sharbat was shown agreeing that the reconstruction had been accurate, but telling the interrogator that it had not given the right impression. Sharbat said that the idea had not been to kill Arabs but to deter them. He and his associates had carried out their actions so that other Jews would not have to do the same later. "It is not natural for a Jew to kill," he declared on film.

Sharbat maintained that the operations of the group had deterred Arabs from carrying out more actions against Jewish settlers. He said that he deeply regretted that his action had led to loss of life and found it difficult to sleep. "Don't call what we did murder," he said, "because this was not our intention."

Another defendant, Yitzhak Novik, was also shown talking on film after the filmed reconstruction of his actions. He explained that the murder of six yeshiva students out-

side Hebron's Beit Hadassah had deeply shocked him and his friends.

The murders had come after many other hostile acts and the government, particularly the Defence Ministry, was showing restraint, he said. It was becoming impossible to travel on the roads. The last straw had been a statement by MK Haim Bar-Lev (today police minister) to the effect that, "if they (the Jews) weren't there they would not be killed," he said.

Novik was shown on film refusing to name his partners in the blowing up of the car of then Ramallah mayor Karim Khalaf. Khalaf lost a foot in the explosion.

Defendant Menahem Livni told the court yesterday that the General Security Services personnel had given the impression that they would be able to ensure that the defendants would have their sentences reduced.

"They said that they were directly responsible to the prime minister," said Livni "and that we could rely on their word." He said the GSS agents had pretended to be sympathetic to the cause of the underground.

The court decided not to accede to the request of defendant Menahem Neuberger to be released on bail because of the remoteness of his wife.

## Maccabi TA Football Association

Nifty legal footwork by representative club resulted in the temporary intercession report on alleged misdeeds of members of the Israel national junior Germany over the summer.

Lawyers Haim Elchadev and Maccabi yesterday morning to the Football inquiry. But Maccabi obtained a temporary District Court President Hanna Evin.

Maccabi contended that until all players to study the findings, the club could publication.

Four Maccabi players were suspended where the team was boarding — gambled refusal to attend practices or to obey.

Three members of the national junior Aviv, Shmuel Shmuel of Hapoel Haifa reportedly confessed to committing the camp was located.

Envor originally scheduled a second both sides present. But after an urgent hearing for this morning.

Maccabi reportedly fears that if players could be ordered not to play Maccabi Haifa.

## Halevy tells N.Y. court

## 'My view of Sh

## harsher than v

By WALTER RUBY

NEW YORK. — David Halevy, Time correspondent in Jerusalem testified yesterday that he has an even harsher assessment of former defence minister Ariel Sharon's role in the Sabra and Shatila refugee camps massacre than he did when he wrote the internal memo that formed the basis for the magazine's February 21, 1983, cover story on the Kahan Commission report entitled, *The Verdict Is Guilty*.

Halevy was speaking during his final day of testimony in the Sharon vs. Time libel suit. The Time staffer was pressed hard by Sharon's lawyer Milton Gould to explain why, he in a pre-trial deposition two months ago, he had said that information he had learned after the publication of the Time story had rendered "almost irrelevant" the paragraph in the story which said that the secret Appendix B to the Kahan Commission report contained the information that Sharon had "discussed" revenge with the Jemayel family after the murder of Bashir Jemayel.

Halevy explained that after Sharon filed his suit against Time, he and lawyers for Time interviewed 12 to 15 key witnesses in Israel, Lebanon and Europe concerning the events surrounding the September 1982 massacre. Halevy explained, "Before we spoke to these witnesses, I had not been aware of the level of isolation, encircling, besieging, and surrounding of the camps (by the IDF), and that no one was being let out...I had not been aware at the

commanders. We also were able to confirm some suspicions...relating to the broad knowledge of IDF officers and Defence Ministry officials regarding the complicity of the Phalangists in atrocities prior to the war, and during the period June 6, 1982-September 14, 1982." Halevy added that he had also not been fully aware in 1982 of what he termed "Phalangist plans for a final solution to the Palestinian problem in Lebanon."

Halevy told the court that "if I had had this information on February 10-11 [1983], this paragraph [in the Time magazine story] would have looked much harsher [toward Sharon] than it does now."

"But Halevy rejected Gould's suggestion that he was really saying he believed that Sharon had "instigated, condoned and encouraged the massacre."

Halevy responded that, in his belief, "anything short of pulling the trigger...falls into the area of indirect responsibility for massacre." Referring to Sharon, Halevy said, "there was no direct responsibility, but a lot of indirect responsibility — a lot."

He added, "if I had to rewrite that story today, I would define a new level of indirect responsibility. I would specify that Minister Sharon...read the writing on the wall and he turned his back. He knew what kind of people the Phalangists were. He knew of the atrocities they had committed. It was a clear picture, a very clear picture."

Halevy was asked by Judge Abraham Sofaer if he believed that Sharon knew in advance that sending in the Phalangists would lead to widespread killing of civilians in the camps.

Said Halevy, "I cannot say what Sharon believed, but he knew that [the Phalangist] were not capable of fighting in a built-up area."

Halevy remarked that when the IDF goes into battle in heavily built-up areas, "the level of coordination and detailed planning goes to the level of a microscope..."

Referring to the Phalangist force that the IDF let into the camps, Halevy asked rhetorically, "do you throw [into Sabra and Shatila] 120-150 soldiers with a few walkie-talkies and some maps...who are not equipped for such surgery? There is a big difference between a proper and improper operation in a built-up area, and I think [Sharon] knew it."

PRIZE. — Israel Radio's legal programme *Din U'devarin* is to be awarded the annual Emil-Grunzweig Prize of the Association of Civil Rights in Israel.



The garbage piles up in Tel Aviv yesterday, as the strike of 8,500 municipal workers went into its second day. Municipal workers union head Teddy Kaufman has appealed to the district labour court for an order impounding IS3 billion of municipal funds. This is the amount he says is due for employees' wages for November. He also asked the court to order the municipality to pay its employees. (IPFA)

## No progress in negotiations between teachers and gov't

By LEA LEVAVI and D'VORA BEN SHAUL

Negotiations between the teachers and the government reportedly yielded no progress in their dispute by last night and were adjourned until Sunday. The negotiations had been ordered after midnight Wednesday by the Jerusalem District Labour Court, which had also compelled the teachers, Treasury and Education Ministry to deliver a progress report by Tuesday.

The Secondary School Teachers Association however announced last night that its members employed by the local authorities, who do not receive their November salaries by Sunday morning, will walk off the job at 10 a.m. that day.

The teachers are demanding that they be allowed to sign the framework agreement which all other workers in the public sector signed during the summer and that they be paid increments promised them in arbitration last fall.

Yesterday the dissatisfied teachers were in their classrooms because of a government order cancelling their planned all-out strike.

Yitzhak Weiler, secretary-general of the Histadrut Teachers Union, said that as educators the teachers must respect and obey the court order. "We feel badly, though, that the government saw fit to take us to court rather than solve the problem with negotiations," he said.

## Court accepts petition of Dehaishe residents

The High Court of Justice yesterday allowed a petition of 14 Dehaishe refugee camp residents and ordered the Judea and Samaria military governor to show cause within three weeks why he should not stop imposing collective punishments and arbitrary curfews on the camp and blocking all approaches to it.

The military governor was also ordered to show cause why he should not forbid Jewish settlers from Judea and Samaria from provoking and harassing the petitioners by entering the camp while carrying arms.

The petitioners claim that the military governor and his representatives have adopted a policy of "discrimination and oppression" towards them and do not protect them as required by law. (Itim)

## Gazan fundamentalist terrorists sentenced

GAZA. — Five members of a Palestinian fundamentalist Islamic terrorist cell received prison sentences yesterday ranging from nine to 13 years after being convicted of "establishing an extremist religious organization intended to replace the State of Israel with a religious Islamic state."

They were also accused of illegal arms possession and of receiving 12,000 Jordanian Dinars (\$4,000) from Jordan to purchase more.

The group's leader, Ahmad Ismail Yasin, was sentenced to 13 years.

In deep sorrow we announce the death of our beloved

## GABRIEL ROOS

Daughter — Edna Gabriele Talmor  
Son-in-law — Hanoeh Talmor, M.D.  
and the grandchildren — Uri, Amnon, Eytan and Daphna

He bequeathed his body to science.

On the first anniversary of the passing of our dear

## DANIEL RUBIN

a memorial service and tombstone unveiling ceremony will be held at 3 p.m. on Sunday, December 9, 1984 at the Old Cemetery, Haifa. We will meet at the main entrance.

His Wife — Hedy Rubin  
His Son — Benny Rubin  
His Brother — Dr. Ami-hai Rubin and family  
His Sister, Edna Rubin

On the first anniversary of the passing of our beloved

## MINNIE L. BATT

we shall hold an ezkara on Sunday, December 9, 1984 (15 Kislev) at 3.30 p.m. at the Har Hamenuhot cemetery, Jerusalem.

The Family

## Police limit search for missing woman soldier

By DAVID RUDGE  
Jerusalem Post Reporter

HAIFA. — The intensive wide scale search for missing soldier Hadass Kedmi, 20, of Kibbutz Kfar Masaryk is due to be curtailed today.

The police now intend concentrating on specific areas, Haifa district police Commander Meshulam Amit said yesterday.

The search for Kedmi was extended yesterday to the Negev, after a Beduin working on a farm near Ruhamma, a southern kibbutz, reported seeing a young woman answering to Kedmi's description.

After a search that lasted several hours, it was decided that the Beduin must have seen someone similar to Hadass and the search was called off.

Amit also confirmed that inquiries into the disappearance of David Manos, 21, from Ganei Tikva, have been transferred to the central district.

The Jerusalem Post has learned that this move follows a report that Manos was seen in the Tel Aviv area after November 7, the date he disappeared in Haifa. Previously, the last time he was reported seen was when he tried to get a ride at the hitch-hiking point near Haifa's central bus station.

The Post has also learned that underworld contacts have informed police that Manos was seen in bars and amusement places in the Tel Aviv area.

A minor from Kiryat Yam who had telephoned the headquarters, saying he had kidnapped and killed Kedmi, has been arrested on charges of interfering with police inquiries. The minor, who demanded money in return for information, was yesterday remanded in custody for four days by the Haifa Magistrates Court.

## MITTERRAND MEDIATING

(Continued from Page One)

able to offer Israel very favourable payment arrangements because of the need to bolster the nuclear plant manufacturing industries, and because two plants already due to be produced are not required by the French for their domestic needs and cannot be sold abroad under the present market conditions.

Furthermore France does not pose conditions of nuclear inspection specified by the Non-Proliferation Treaty under which the United States, unlike France, would demand access to already existing nuclear installations.

Peres said that Israel had not decided whether the two plants it needs to supply power in the nineties will run on oil, coal or nuclear energy.

An Israeli official told The Post that Israel did not imagine the U.S. would want to fund such a purchase.

Peres said he and Mitterrand agreed joint working teams would be formed to study combined industry ventures, each with two ministers and two senior industrialists from both countries. Both nations would also invest more funds in the existing bilateral framework for research and development. The total budget of this framework till now is only \$200,000.

He said Mitterrand wanted to disseminate French culture more widely in Israel. One proposal was for a French-language programme on Israel TV once a second channel was opened.

Describing the way the French government was handling his visit, Peres said "It is a massive and unprecedented demonstration of France's friendship for Israel. It is awakening deep feelings of sympathy for Israel here in France, and it will stir friendly feelings for France back in Israel. As for Mitterrand, I can assure you he is a true friend. Mitterrand tells how his son, Jean-Christophe, while at kibbutz Kfar Hanasi, vividly explained the problem of the Golan Heights and Galilee to him."

Kfar Hanasi lay open to Syrian gun-fire from the Heights above it until the Six Day War.

Peres said the PLO question did not come up at length. Mitterrand wanted to hear Peres's views on it, rather than to influence him with his own ideas.

Earlier, briefing Franco-Jewish community leaders, Peres said immigration in the coming year would double to 25,000. He hoped that within five years Israel could achieve \$8 billion worth of exports and thus eliminate the deficit in the trade balance.

On Wednesday night, at a dinner at the Quai D'Orsay given by French Premier Laurent Fabius, Peres discussed his speech for the second time on this visit, and spoke unassisted and with great emotion of the affinity between the two countries.

Today Peres's programme includes meetings with Foreign Minister Claude Cheysson and Paris Mayor Jacques Chirac who will be in Israel next week.

Peres flies home tomorrow night after the Sabbath.

With deep sorrow we announce the death of our beloved husband, father and grandfather

## Rabbi Is. GESSURUN CARDOZO

of Amsterdam — Curacao — Bat Yam  
The family Ro. Cardozo, Nee Poons

The funeral will take place at the Holon Cemetery today, Friday, December 7, 1984 at 11.45 a.m.  
A bus will leave the Cardozo family home at 11.30 a.m.  
Shiva at the Cardozo family home, 15 Sderot Ha'atzmaut, Bat Yam.

In loving memory, on the seventh Yahrzeit of our

## RUTH EISELSBERG-SPRINGER

There will be a graveside memorial service on the Mount of Olives at 3.30 p.m. on Monday, December 10, 1984. We shall meet by the Inter-continental Hotel at 3.15 p.m.

On the first anniversary of the passing of our dear beloved husband and father

## Dr. LEO SCHINDEL

There will be a graveside memorial service at 3 p.m. on Sunday, December 9, 1984 (Kislev 15, 5745) in Givat Shaul Cemetery. We shall meet at the cemetery entrance.

The Family

The South African Zionist Federation (Zionist)

We extend condolences to our colleague

## SHULA RUBINOW and ALL MEMBERS OF HER FAMILY

on the passing of her mother

## FANNY RUBINOW

Chairman, Executive, Director and Staff

The American Jewish Committee — Israel Office  
The Ecumenical Theological Research Fraternity  
The Israel Interfaith Association  
invite the public to

the James Parkes Annual Memorial Lecture  
(in English)

December 10, 1984, at 8.00 p.m.  
Hebrew Union College Auditorium  
13 King David Street, Jerusalem

## Dr. Paul Van Buren

Professor of Religious Studies in the U.S.  
and noted theologian  
A Theology of the Jewish-Christian Reality

**CORRECTION IN KUPAT HOLIM NOTICE**

The name of the institution in the Kupat Holim notice on today's magazine, should be: Kupat Holim — Health Insurance Institution of the General Federation of Labour in Israel.

The P.O.B. number should be: 61162.



## Deluxe Tel Aviv hotel may close April 1

By BAIM SHAPIRO  
Jerusalem Post Reporter

Tel Aviv's deluxe Astoria Hotel may close on April 1, leaving 320 workers jobless.

The five-star hotel, with over 500 rooms, is second in size only to the Tel Aviv Hilton. But it has had difficulties since it was built in 1979 and opened as the Laromme, in the Alimshiyeh quarter between Tel Aviv and Jaffa.

In 1981, the international Hyatt chain took over the hotel. Then, under its most recent name, it was being managed by the Basel chain.

But general manager Harold Richman told *The Jerusalem Post* that neither he nor the chain has any authority to accept reservations after April 1.

"I don't know what's happening after April 1. The hotel may close or not," he said. But with no advance reservations being made, the hotel will have little hope of carrying on after the April 1 deadline.

Richman said that few of the 320 workers have tenure, but he is known to be taking some of the kitchen and dining room staff to the Israel Experience sight and sound

show which he organized in Jaffa.

The reason for the Astoria's closure seems to be failure of the owners, one of whom is building contractor Aharon Rubinstein. To reach agreement over issues they refuse to disclose. But a representative of Landeco, the branch of the Rubinstein empire which has the hotel interest, refused to comment saying the issue is in the courts.

Richman, who claimed that "business has not been all that bad," had tried to transform the hotel's location into an asset by offering walking tours of nearby Jaffa and stressing

the many small boutiques in nearby South Tel Aviv. Special business lunches were also offered for the benefit of those working in the two office towers adjoining the hotel.

Other hotelmen have doubted whether the hotel could ever make a go of it.

"The tourists want to be able to walk over to Dizengoff. They want to be in the middle of things, one said.

The Tourism Ministry would not comment on this development, which apparently caught officials by surprise.

## Needy get word today on income

By ILAN CHAIM  
Jerusalem Post Reporter

The country's 465,000 neediest citizens are to find out by 1 p.m. today whether the Treasury will support a National Insurance Institute proposal for a new law to protect their income against inflation.

On Wednesday, the Knesset's Labour and Social Affairs Committee heard detailed, closed testimony by the director of pensioners' benefits at the NIL, Shlomo Cohen, on the proposed legislation.

The Treasury's representative asked for two days to consider the proposal and to give its decision.

But there is not much to deliberate. Cohen told *The Jerusalem Post*, "There is no question we have to cut the national budget," said Cohen. "But should it be a shekel from an elderly person's food budget, or a shekel from a wealthy person? The aged cannot absorb inflation."

Since emergency regulations expired on October 31, some 104,000 elderly pensioners, 42,000 widows, 63,000 disabled and 20,000 other welfare recipients have been waiting for their sole source of income - NIL payments - to be afforded the same legal protection as wage earners' salaries.

For another 235,000 pensioners and widows who depend on the NIL for partial support, the situation has been similarly uncertain - if only somewhat less acute. Both groups of NIL beneficiaries have been losing income steadily to inflation since May, ever since the basis for calculating their benefits was pulled from under them by the advent of monthly cost-of-living increments for wage earners.

A paradox was then created with wage earners improving their lot by receiving monthly C-o-L increments, but with pensioners, widows and disabled getting less from the NIL.

In April 1973, an amendment to the National Insurance Institute Law provided that NIL benefits would be updated monthly on the basis of a percentage of the average wage over a preceding three-month period plus the C-o-L increments.

This law, still in effect, was passed when annual inflation was 15 per cent and when the C-o-L increment was calculated quarterly.

But the benefits are calculated on an average wage determined by the Central Bureau of Statistics - after at least a three-month delay.

Under today's nearly 800 per cent annual inflation, and with the C-o-L increment granted monthly, the base for calculating NIL benefits became stretched to the breaking point.

For example, in June, a single elderly pensioner's benefit of 16 per cent of the average wage was equivalent to 12 per cent, due to the combined effect of inflation, plus wage and C-o-L increments.

Cohen could not divulge details of the proposed amendment, but said its cost would be covered by NIL premiums. But the legal principle, he said, should be clear: "Pensioners and other needy persons must receive their benefits by right, just like wage earners."



Ofakim Mayor Yehiel Ben-Tov: "I want two factories..."

## Ofakim Labour Council head: 'No home where you won't find someone unemployed'

By LIORA MORIEL  
Jerusalem Post Reporter

OFAKIM. - More than 10 per cent of this Negev town's work force are unemployed, says Mayor Yehiel Ben-Tov. Another 10 per cent are temporary workers.

Most of those recently discharged from the army are unable to find work. They cannot get unemployment compensation because they refuse to do manual work like picking fruit, so they become a financial burden on their families.

"The fact is," says Rafi Shoshan, chairman of the local labour council, "there is no home here where you won't find someone unemployed." Shoshan's family is no exception. Only the eldest of his seven children has a job. Two are still at school; but four others are not working, although they have completed high school and served in the army.

"Gila, 20, recently out of the army, cannot find work. 'The fact that I'm the daughter of the head of the labour council is a hindrance, she notes, 'because people might think there's favoritism involved. I can't find work here or in Beersheba, and I want to save some money before going to university next year.'

"It's a catastrophe," says Ben-Tov. "If something isn't done soon, things will worsen. There are no disturbances yet, but if the situation continues, I can't expect people to sit quietly."

The answer, he says, is for the government and for the Histadrut to locate some national projects and some plants in the Negev's development towns. "Private investors are not waiting in line," notes Shoshan. "I want two factories," says the mayor. "semi-sophisticated, the kind that can absorb both regular and very skilled workers. Each should provide 200 jobs. The Jewish community in South Africa, which

supports our Project Renewal, is willing to finance vocational retraining here," says Ben-Tov. Four thousand people compromise the work force in Ofakim, and most of them work in the public service, the rest are employed in textile, diamond cutting, laundry and wind-surfing plants.

The problem is, says Ben-Tov, that investors get government help when they promise to set up a factory to employ 50 people, and then they only employ "a handful." More people will soon join the 450 jobless here; even the municipality is about to trim its staff by 30.

Yitzhak Marina, 30, needs workers, but cannot find them. "The unemployed are spoiled," he says. "They have their hands in their pockets, whereas people like me are up at five. I rent an orange orchard in a moshav and pay workers \$200 for every box picked. A good worker can make \$20,000 per day."

Shimon, 28, has been out of work for four years. "It's all because of the Arabs, they get all the jobs," he says, despite the fact that the mayor has let it be known that anyone who wants to take over a job now done by an Arab can do so.

Amos, cafe owner, is not impressed by the complaints of many of the unemployed. "They play cards all night and rise at noon. They're depressed, but they don't want to work. They want to make an easy killing," he suggests.

**FREE RIDES.** - The Israel Taxi Owners' Organization has called on taxi drivers who have available space in their cars to give rides to soldiers, particularly at night and at places where public transportation is infrequent.

## Defence Ministry may double police force in the territories

By ROBERT ROSENBERG  
Jerusalem Post Reporter

A police plan to nearly double their force in the administered territories has tentatively been approved by the Defence Ministry.

The ministry, which subcontracts the police to enforce the law in the territories, has earmarked some \$6 million for adding 400 police to the force in the areas - 250 Arabs and 150 Jews. The increase was recommended 18 months ago in an inter-ministerial report written by Deputy Attorney-General Yehudit Karp.

Holding up the police plan is

agreement by the ministry's coordinator of activities in the territories, Shmuel Goren.

Since 1968, there has been no increase in police personnel, facilities or equipment in the territories. In the same period, 30,000 Jews have moved into the West Bank and the road system has grown significantly.

The decision to go ahead with the funding was made in principle by former defence minister Moshe Arens and former interior minister Yosef Burg, but only recently have the police learned from Defence Ministry Director-General

## Is nuclear power economical? Electric Corp. still unsure

By YITZHAK OKED  
Jerusalem Post Reporter

TEL AVIV. - The Israel Electric Corporation (IEC) is still unsure whether it is worth building nuclear power stations in Israel.

IEC officials were unwilling to comment on reports that Prime Minister Shimon Peres will discuss the purchase of two nuclear power stations in France during his visit there.

One official quoted a public statement made by the corporation's general manager Yitzhak Hoff earlier this week that if the price of electricity derived from nuclear power is the same as that from coal, he would recommend that the power station run on coal.

Another official told *The Jerusalem Post* yesterday that the decision to build nuclear power stations will depend on the price of construction, which in turn affects the price of electricity.

Electric companies that pioneered nuclear energy for industrial purposes in the U.S. are having second thoughts today, because the price is much higher than originally estimated.

## English bishop supports imprisoned Soviet Jew

By JUDY SIEGEL  
Jerusalem Post Reporter

The bishop of Birmingham, Hugh Montefiore, has issued a statement supporting Prisoner of Zion Alexander Kholmiansky, the 34-year-old computer engineer who was arrested on charges of "hoioliolism" a few months ago.

"It is appalling that he is awaiting trial simply because he teaches Hebrew," the well-known bishop wrote to historian Martin Gilbert. A copy of the letter was given to *The Jerusalem Post* yesterday by local activists.

The clergyman's message continues: "I want you to know that Alexander Kholmiansky is not forgotten. We are praying for him in Birmingham and we greatly admire the stand he is taking and the courage he is showing..."

Addressing the imprisoned Soviet Jew, the bishop wrote: "When justice is on your side, then you have nothing to fear. I send my warm greetings to you...and because we cannot see each other does not mean that we are not fully aware of each other's presence and needs."

Kholmiansky, who applied for an exit visa to Israel in 1978, is a Moscow Hebrew teacher actively involved in the struggle for Jewish emigration. During a summer holiday in Estonia this year, his room was searched and his teaching materials and Jewish history books were confiscated.

The Russian authorities entered the room on the grounds that a flowerbed in a nearby village had been destroyed. But instead of looking for flowers, they went directly to a drawer where they found a gun that had apparently been planted by police. He is awaiting trial.

## Nehamkin: EC move should not scare us

By YITZHAK OKED  
Jerusalem Post Reporter

TEL AVIV. - A European Economic Community agreement between Spain and Portugal to join the Common Market in January 1986 should not alarm Israeli farmers, Agriculture Minister Arye Nehamkin said yesterday.

He was speaking to the Rural Planning and Development Authority, a forum of all settlement bodies in the country. It was the first meeting of the authority in over four years.

The agreement reached at an EEC meeting this week in Dublin virtually ensures that Spain and Portugal, which export the same farm products as Israel, will join the market on

schedule. But Nehamkin said the EEC move was expected and Israel could do nothing about it.

"We are not scared now," he said, "because we are now in a position that Israel, by allowing to compete with these two countries' products on equal terms. Other European countries should have a strong interest in this because Israeli farm products appear on the European market in months when most European farmers do not grow these products," he stated.

Noting that the EEC charges higher tariffs on Israeli farm products than on those from North African countries, the minister said the Common Market must be persuaded to lower the imposts on our products.

## Bnei Brak concerned hospital may be closed

Jerusalem Post Reporter

The Bnei Brak municipality yesterday sent a telegram to Health Minister Mordechai Gur protesting against what it claims is the ministry's intention to close the town's Nave On mental hospital.

Municipal sources said the ministry has decided to close the 20-year-old institution and transfer its patients to other hospitals in the area.

Health Ministry spokesman Shmuel Elgrabi said the ministry has

not decided to close the hospital, but that the building is private property and the owner is demanding an exorbitant increase in rent.

Elgrabi said the dispute over the rent is in court and that the court's ruling will affect the ministry's final decision.

ARAFAT. - PLO chairman Yasser Arafat left Baghdad yesterday after meeting with President Saddam Hussein.

## Jewish, Arab teachers try grappling with racism but some miss the mark

By LEA LEVAVI  
Jerusalem Post Reporter

TEL AVIV. - Most Israeli school children are surprised to learn that one out of every six citizens of this country is an Arab. Although Hareven of the Van Leer Institute told a Histadrut Teachers Union conference on racism this week.

"Children born after 1967 do not differentiate between Israeli Arabs and those from the territories," he said.

"When he asks for school pupils' associations when they hear the word 'Arab,' he said he usually gets 'dirty,' 'smelly,' 'terrorist' and 'primitive.'"

"Once in a while, a child says Arabs are human beings, but that is very much a minority opinion. When I ask how many have actually met Arabs, only four or five hands go up. Eventually, the class has to admit that their negative consensus on

Arabs stems from ignorance," he said.

Hareven called on all teachers beginning with kindergarten to teach pupils about Israeli Arabs, the different kinds of relations we have with Arab countries, such as peace with Egypt and visits to Morocco and the differences between our relations with, for example, Jordan and Syria. He also encouraged teachers to arrange meetings between Jewish and Arab classes.

"I know it's difficult when events like Danny Katz's murder or the disappearance of Hadass Kedmi arouse anxieties among all of us with children," he said. "But the General Security Service told me that 99.9 per cent of Israeli Arabs have never done anything to hurt the country. We cannot dehumanize a whole population because of a few."

An Arab teacher in the audience objected to the implication that Israeli Arabs were involved in Kedmi's disappearance and said pupils at his own schools were volunteering in the search. He also noted that the court has not given a verdict in the Katz case.

A "yes but" attitude was apparent in some of the comments from the floor after Hareven's lecture. Every one condemned racism but speakers said the Arabs themselves are responsible for anti-Arab feeling in Israel.

"Racism was brought about by Haj Amin al-Husseini, the late grand mufti of Jerusalem who led the terror campaign against the pre-state Yishuv, not by us," one teacher said. Other speakers complained that their school colleagues won't arrange meetings with Arab classes. "I suggested it," one teacher said, "and everyone jumped down my throat."

Education Ministry Director-General Eliezer Shmueli was not entirely pleased with the conference. He had hoped, for example, that the hall would be full. He told both the Jewish and Arab teachers who had spoken that their comments contained many generalizations which, he said, children pick up. These are the seeds of prejudice.

He also said that visits by Jews and Arabs to each other's homes are somewhat artificial. Meetings be-

tween the two groups should be genuine efforts to understand each other better. He cited positively scout camps or all-day seminars where Jewish and Arab teacher trainees discuss problems openly.

Shmueli spoke about teaching students democratic values, and distinguished this from teaching civics or running student council elections.

"If a teacher respects a pupil's right to disagree, that is teaching democracy. There are many situations when an alert teacher can pick up on a pupil's words or deeds to do this. Unfortunately, teachers let opportunities slip by. Thus, pupils learn anti-democratic habits, intolerance, or worse."

He said political speakers should definitely be invited to schools but educators should ensure that pupils get a balanced exposure to varying political views. He had no choice, he said, but to ban MK Meir Kahana from the schools because Kahana wants to deny a segment of the Israeli population rights guaranteed them by the Declaration of Independence.



**WORLD ZIONIST ORGANIZATION**

**Public Announcement**

The Zionist Executive has appointed a public committee to make recommendations regarding the Organization's overseas emissaries' (shiluh) function and performance. The committee consists of Prof. S. Eisen, Mrs. Ada Fineberg-Seroni, Mr. Yehoshua Flumin, Mr. Mordechai Zippori, Prof. Nathan Rotenstreich, and the undersigned. Everyone who wishes to make suggestions and comments on this subject, based on personal experience, is invited to submit these to the committee in writing. The committee will consider such material and, where necessary, invite the person concerned to appear before it, to amplify his submission. Those who submit such material should give their name, address, and details of their personal experience in this area. If anyone requests it, the committee will keep his name and the content of his submission confidential. Material should be sent to: The Secretary, Mr. Dan Kremer, The Shiluh Enquiry Committee, Jewish Agency Building, P.O.B. 82, Jerusalem 91 820. Material must reach the committee within a month of the publication of this notice.

Moshe Landau  
Committee Chairman  
#072-30-734

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The 36th Annual **HANUKKA TOY FUND**

سازمان اطلاعات



## Vultures fill the sky after India gas mishap

BHOPAL, India. — Hundreds of vultures circled yesterday over the bloated carcasses of nearly 1,000 goats, buffaloes and cows, the unsung victims of the poison gas cloud in this central Indian city.

Officials said they have banned the slaughter of livestock to prevent a possible epidemic in the wake of Monday's gas leak from a pesticide factory, owned by the U.S. conglomerate Union Carbide.

The human death toll has risen to 2,000 with a further 50,000 people being treated for the effects of suffocating fumes.

Police yesterday refused to allow a U.S. executive of the Union Carbide company to enter the factory.

They seized factory records and put a 24-hour hospital guard on a badly gassed Indian employee of the plant who might know the cause of the accident.

A senior doctor at Hamidia Hospital, the largest in Bhopal, said at least eight cases of still-birth had been reported after the gas leak. He said pregnant women were brought to the hospital in "terrible pain" and had to have abortions.

Close to 500 slum-dwellers, living in the shadow of the pesticide plant, marched yesterday to protest against inadequate relief for the victims of the tragedy.

Union leaders yesterday attacked outdated regulations on industrial safety and compensation under which victims of the poison gas disaster may only receive up to 42,000 rupees (\$3,500) per person.

They said the compensation was so insignificant that factory owners were tempted to pay money to accident victims rather than invest large sums on safety devices.

The government of central Madhya Pradesh state yesterday filed a criminal case of negligence against the Indian subsidiary of Union Carbide.

The Press Trust of India (PTI) said the case was filed at a local police station in Bhopal, the state capital.

Under Indian law, a case is registered with police who then carry out an investigation before deciding whether to prosecute.

A Union Carbide spokesman in Bhopal yesterday denied an allegation by India's chemicals minister that the company failed to provide safety standards equivalent to those for a U.S. plant, saying they were "the same" in both cases.

In Mildstedt, West Germany a petrol bomb exploded in front of a Union Carbide plant on Wednesday but caused no damage, police said. (AP, Reuters)

## Black September renewing its 'revolutionary activities'

BEIRUT (AP). — The radical Black September Palestinian terrorist group that claimed responsibility for the assassination of a Jordanian diplomat in Romania two days ago announced in a statement published yesterday that it was resuming its "revolutionary activities."

The statement, published by the independent Beirut daily *Al-Nahar*, said: "The death sentence was carried out against the agent Asmi Mufsi, the secretary at the embassy of the royal (Jordanian) criminal regime."

The statement was signed by the organization in Rome and dated Tuesday, the day Mufsi was shot outside a hotel in Bucharest. Romanian police are holding a 27-year-old man born on the West Bank as a suspect.

The statement said the killing of Mufsi was "the first operation outside Jordan...to assert the resumption of (our) revolutionary activities."

It said the move was aimed at deterring whoever infringes and manipulates the sacred cause of our people.

Black September was created after Jordan expelled the PLO following heavy fighting in 1970. The organization claimed responsibility for killing Jordanian Prime Minister Wasfi Tell at a Cairo hotel that year, and for the attack on Israeli athletes at the 1972 Olympic games in Munich.

PLO chairman Yasser Arafat's top security aide and one-time Black September leader, Salah Khalaf, formally announced it had been disbanded in 1975.

In the statement sent to *Al-Nahar*, the group described Arafat as a traitor, an indication the reported resumption of activities was linked to Arafat's current rapprochement with Jordan's King Hussein.

There was no indication whether any of the original members of the organization were currently involved. Most former members now favour Arafat's side in the current split in the PLO.

## Red Cross in biggest appeal for famine-stricken Africa

GENEVA (AP). — The International Red Cross, in its largest-ever appeal for aid, yesterday asked members to donate \$66 million next year "as an emergency lifeline" to famine-stricken Africa.

The Geneva-based League of National Red Cross Societies said that of the total, \$51.2m. were needed immediately to provide food and supplies to more than 1.5 million famine victims in 14 African countries, including Ethiopia, Chad, Kenya, Mali, Mauritania, Mozambique, Niger, Rwanda, Senegal, Sudan, Tanzania, Uganda, Burkina Faso, and Cape Verde.

It said another \$14.8m. were needed to fight famine in the Sahel region where the situation was "deteriorating fast."

President Ronald Reagan announced in Washington the release on Wednesday of 300,000 tons of wheat from U.S. government grain reserves to be shipped to Ethiopia or other African nations needing it.

Reagan also announced the transfer of \$50m. from one foreign food aid fund to another to enable the U.S. Food for Peace Programme to increase its emergency food distributions in famine-stricken nations of Africa.

World Bank President A.W. Clausen, raising the spectre of "a living nightmare of desperate proportions," on Wednesday appealed to the rich nations to put up at least \$1b. over three years to bolster the economies of drought-stricken Africa.

## Weinberger meets Saudi king, defence chief

RIYADH (AP). — King Fahd of Saudi Arabia yesterday received the visiting U.S. Secretary of Defence Caspar Weinberger, the official Saudi press agency reported.

The agency said only that the meeting was attended by the Saudi

defence minister, Prince Sultan bin Abdul-Aziz and U.S. Ambassador Walter Cutler.

Weinberger earlier held wide-ranging talks with Prince Sultan on upgrading the kingdom's defence capabilities.

## Postmistress stuck-up

MALTON, England (AP). — A robber stuck a village postmistress to a counter with "super glue" on Wednesday and escaped with a handful of money from the cash register, police said.

Anne Bristow, 30, was stuck by her forehead and hands with the strong adhesive, which works immediately on contact, at her shop in Settrington near York in north-eastern England.

Her mother pried her free.

## Third World prone to industrial accidents

NEW YORK (AP). — A trio of Third World tragedies — more than 2,000 people gassed or burned to death in India, Mexico and Brazil — shows how industrialization often outruns environmental and safety controls in developing nations.

In all three of this year's industrial disasters, poor slum-dwellers were the victims, and their crowded conditions multiplied the death toll from the fires or poisonous fumes.

Squatters in countless Third World cities are clustered on land no one else wants — including areas around dangerous fuel or chemical sites. Some nations do not have zoning laws separating industrial and residential areas. In those that do have controls, safety inspection and enforcement is often lax.

"In the Third World, even if there are environmental regulations, they are hard to enforce. It's a problem of manpower and resources," said Richard Golob, Boston-based editor of the Hazardous Materials Intelligence Report, which monitors spills and other industrial accidents worldwide.

"Governments are not in a position to tighten regulations since in many areas the industry involved is the main source of income," Golob said.

The dangers in these unregulated environments are sometimes more insidious than explosive: deadly wastes from industrial plants that slowly poison the air or drinking water.

For years, a commission has been trying to develop an industrial "code of conduct" to encourage greater environmental safety in the Third World.

"Developing countries still remain poorly equipped to manage and protect their environments," acknowledged a researcher involved in the UN work.

Monday's disaster in Bhopal, India, may have been the deadliest industrial accident worldwide in recent years.

The Brazilian and Mexican disasters both involved squatters and gov-

ernment petroleum companies.

In the southern Brazilian town of Cubatão last February 25, fire from a leaking gasoline pipeline incinerated the flimsy huts of hundreds of squatters on the surrounding marshland. About 500 people were killed.

On November 19 in Mexico City, storage tanks at a liquid petroleum gas facility exploded in a firestorm that devastated a housing area packed with poor Mexicans, many of them squatters. At least 452 people were killed.

In some cases, environmentalists claim, industries in developed nations intentionally move their "safety hazards" to Third World countries where few controls exist.

Some examples they cite: the dumping of dangerous PCB wastes in Mexico by U.S. companies, the building of oil refineries on tiny Caribbean islands to overcome the fear of spills in the U.S. and the shifting of much of Australia's asbestos processing to nearby Indonesia, where controls on the dangerous material are not as tight.

## Jabotinsky Prize to Shcharansky, Klarsfeld, Blum

NEW YORK (Reuters). — Soviet dissident Anatoly Shcharansky, recently moved to a labour camp after years in solitary confinement, has been named joint winner of the 1984 Jabotinsky Prize awarded for outstanding service in defence of Jewish rights.

The \$100,000 prize was also awarded to Israel's former ambassador to the UN, Yehuda Blum and German-born Nazi hunter Beate Klarsfeld.

The award was announced by Eryk Spector, founder and chairman of the foundation, which is named after Ze'ev Jabotinsky, founder of the Zionist Revisionist movement who died in 1940.

The foundation said Shcharansky had "become both the symbol of Soviet Jews' fight for the right to emigrate to Israel... as well as the focus of opposition to the anti-semitic policies of the Soviet Union."

Klarsfeld has been responsible for the identification and/or arrest of a number of leading Nazis, the most infamous of whom is the so-called butcher of Lyons, Klaus Barbie.

Of Blum, who was at the UN from 1978 until early this year, the foundation said: "His eloquence, forceful and reasoned arguments, and his commitment to the tenets of international law were the hallmarks of his tenure."

## UK Parliament approves handover of Hongkong

LONDON (Reuters). — Parliament yesterday stamped its seal of approval on the handover of Hongkong to China in 1997 under a draft deal ensuring Britain's last major colony maintains its capitalist way of life for at least 50 years.

The House of Commons approved the deal with Peking without a formal vote at the end of a wide-ranging but sparsely attended debate lasting more than six hours.

The deal ensures that Hongkong's 5.3 million people will retain their freedoms and capitalist way of life for at least 50 years after 1997, when a lease on most of the colony expires.

## 9 Kanaks slain in ambush by settlers

NOUMEA, New Caledonia (Reuters). — Nine Kanak militants were killed yesterday by gunshot and dynamite in an ambush by white settlers in France's troubled territory, government and militant sources said.

The latest killings bring the death toll to 11 since the troubles began on November 18 after a militants' boycott of local assembly elections which were won by a white-dominated party.

The militants' party, the FLNKS (Kanak Socialist National Liberation Front), announced earlier yesterday that it would lift all roadblocks following the release of what it described as 15 "political prisoners."

The decision followed a French government announcement on Wednesday night of a peace plan for the territory involving consultations between all sides: Kanaks and French and other Pacific settlers.

Edgard Pisani, newly appointed high commissioner for the territory, said in a broadcast to the 145,000 islanders that the roadblocks had to be taken down before the talks.

## Mitterrand going to Africa tomorrow

PARIS (Reuters). — France's credibility as a traditional friend of Africa will be at stake when President Francois Mitterrand leaves tomorrow to visit Zaire, Burundi and the Central African Republic.

The main purpose of Mitterrand's six-day African tour is to attend an annual Franco-African summit in Bujumbura, capital of Burundi.

With his handling of foreign affairs under increasing criticism and his popular standing at its lowest ebb since he took office in 1981, Mitterrand will find the results of his African trip coming under close scrutiny at home.

Before the summit the French president will fly to Kinshasa tomorrow for talks with Zairean President Mobutu Sese Seko who, in a gesture much appreciated by Paris, sent 2,000 Zairean soldiers to Chad last year in support of President Habyarimana.

Libyan leader Muammar Gaddafi, in an interview published in Rome yesterday, denied that any Libyan forces were in Chad.

## S. African Catholics decry police brutality

PRETORIA. — Roman Catholic church leaders yesterday accused the South African police of indiscriminate shooting, violence and rape in quelling riots in black townships in which about 170 people have died this year.

At a news conference, three archbishops and a bishop issued a report entitled *Police Conduct During Township Riots, August-September 1984*. Published by the Southern African Catholic Bishops Conference, the report detailed what it called unprovoked police shootings, assaults and beatings.

In one case, it said two girls of 15 and 16 were alleged to have been raped three times by white policemen.

"A kind of state of war is developing between the police and the people, and that is tragic," said Denis Hurley, president of the conference and archbishop of Durban.

He said the report was issued to inform the public and to persuade the authorities to eliminate illegal and unnecessarily violent police actions.

All the statements in the 38-page report were drawn from sworn affidavits collected from 40 people in various black townships and many of them were later cross-examined by a lawyer to check the truthfulness of their accounts.

Hurley said that in all the incidents in the report, which contained what he called typical cases rather than a complete dossier, the victims were totally innocent. Often they were humiliated and laughed at by the police, says the report.

"The overwhelming impression created by the affidavits as a whole is that the police behaviour in the townships resembled that of an occupying foreign army controlling enemy territory by force without regard for the civilian population and, it appears, without regard for the law," the report says.

In one of the most serious incidents, a policeman approached a group of black detainees in a van in Sebokeng, south of Johannesburg, on September 28 and angrily demanded his jacket, which the youths said they did not have.

The policeman pointed his gun at Jacob Moleleki and shot him in the forehead at point blank range," the report says. Moleleki died and his companions were made to wash the blood from the truck, it adds.

Police headquarters declined immediate comment on the report.

In Washington, President Ronald Reagan is planning to meet today with black Anglican Bishop Desmond Tutu, the 1984 Nobel peace prize winner who has called U.S. policy toward South Africa "immoral, evil and totally un-Christian," a White House source said. (Reuters, AP)

## Sports

### Martina comes a cropper

MELBOURNE (AP). — There was a major upset at the Kooyung courts when Czechoslovak teen-ager Helena Sukova ended Martina Navratilova's hopes of winning a record seventh straight Grand Slam (tennis) tournament yesterday as she defeated the world's No. 1-ranked player 1-6, 6-3, 7-5 in the semifinals of the Australian Open.

Sukova, 19, the daughter of former Wimbledon finalist Vera Sukova and a former ball girl for Navratilova, served superbly to become only the second player to defeat Navratilova this year. Navratilova, 28, had been bidding to complete the calendar year Grand Slam and win the 100th title of her career, but was outplayed in the final set by the ninth-seeded Sukova.

In tomorrow's final Sukova meets Chris Evert Lloyd, who defeated Wendy Turnbull 6-3, 6-3, the first Grand Slam final for the teen-ager.

Navratilova, whose last defeat came at the hands of Hana Mandlikova last January, breezed her way through the first set and appeared as if her worst, to be completely in control. But Sukova then began to return and pass brilliantly and put the American-based Czech-born player under tremendous pressure.

The teen-ager took the second set and then raced to a 3-0 lead in the third. Navratilova, riding a 74-match winning streak, fought back to 4-4, but Sukova broke her serve again in the 11th game. Navratilova saved five match points in the 12th game before Sukova eventually prevailed.

Navratilova was gracious in defeat. "How important is anything?" she asked. "It hurts, but I'll get over it. I still have two arms, two legs and a heart." She said she now feared a letdown.

"If I'd have won, I'd have done it all," she said. "If I lost I had to start from scratch. Both are hard to cope with."

Navratilova said she had given the contest her best shot. "I know I'm the better player, but today she was the better player." Sukova broke into the top 20 18 months ago shortly after turning professional. Her mother, who died in 1982, was a Wimbledon finalist in 1962. Her father, Cyril, is president of the Czech Tennis Federation.

South African Kevin Curran, who ousted top-seeded Ivan Lendl, continued his progress to the men's semifinals with a 7-5, 6-2, 6-3 victory over American Scott Davis. He plays another American Ben Testerman, who trampled over West German teenager Boris Becker 6-4, 6-3, 6-4.

Mats Wilander, the defending champion, cruised through to a semifinal meeting with Johan Kriek, himself a two-time champion here, as the Swedish Davis Cup star downed his 18-year-old compatriot Stefan Edberg 7-5, 6-3, 1-6, 6-4.

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JPL 101350



WHEN THE LAVI fighter-jet project was first brought before the Knesset Foreign Affairs and Defence Committee for approval, only two of the 25 members voted against it. One of them was Yitzhak Rabin.

Rabin, who as defence minister is waging a head-on battle with the Treasury to limit the cuts demanded in his budget, now supports the Lavi and he does so despite the fact that the plane is going to be much more expensive, much more sophisticated and much more dependent on American help, both financial and technological, than the one he originally voted against.

Listening to the defence minister explain himself on television and in other forums, one is led to understand the following:

□ Even if the Lavi project were to be cancelled tomorrow, it would not relieve the current burden on the defence budget. Almost all the development funds are being provided by the United States under an Act of Congress.

□ There are over 3,000 people working on a project on which more than \$800m. has already been expended.

The aircraft is best suited to Israel's needs, given the systems the confrontation states will be receiving by the year 2000, and has been specifically designed by the Israel Air Force to synthesize Israel's battle experience.

□ Maintaining a project like the Lavi will give birth to spin-off technologies and products that will enable Israel to maintain its qualitative edge over the Arabs.

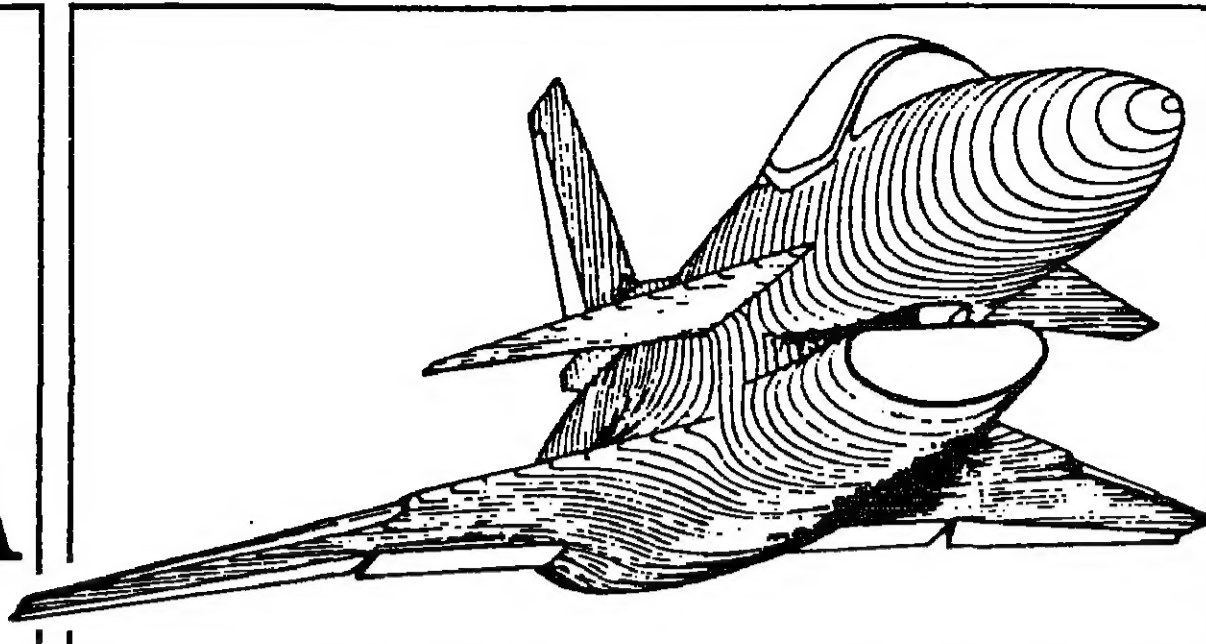
□ To postpone or limit the project now would mean that hundreds of millions of dollars have been thrown down the drain; would accelerate the unemployment in the industrial defence sector (which employs some 100,000 workers); would damage Israel's credibility with the U.S. that has invested almost \$1b. in the project to date; and would leave Israel with a huge gap in its defence capabilities in the last decade of this century.

THE TRUTH is that for each one of Rabin's arguments, there are many military and other experts in Israel, who could present equally convincing counter-arguments.

People like former air force chiefs Motti Hod and Ezer Weizman, and former financial adviser to the chief of the general staff, Zvi Schur, now an adviser to the finance minister, feel that the Lavi, in its present form, is a project Israel cannot afford. According to the initial data, the development of the fighter will cost at least \$1.5b. Production costs over the next 15 years will be at least

## Hirsh Goodman sets out the pros and cons of the Lavi project

# THE \$10b. DILEMMA



\$500m. per annum, making the total projected cost to the Israeli budget around \$9b., and probably more by the time everything is taken into account.

It is ironic that one of the people who now opposes the Lavi is Ezer Weizman. It was he, as defence minister, who initiated the project. But it must be remembered that when he finally gave the O.K. for research and development to begin, he had a very different plane in mind. The version he approved had a GE-404 engine which limited not only the plane's thrust and operational capabilities, but above all its cost.

The original Lavi was envisaged as a low-grade fighter designed to replace Israel's aging fleet of Skyhawks and Kfir's, as well as some older Phantoms, by the year 2000. There was no intention to create a close equivalent of the F-16. But the new Lavi with a PW-1120 engine, makes it bigger, better and far more expensive both to build and maintain.

After Weizman, each succeeding defence minister — Begin, Sharon, Arens and Rabin — gave his individual approval to the project. Ariel Sharon even kept it on ice for several months while he re-examined every single aspect of it. It was during his stint as defence minister that the decision was made to change the engine — a decision that was reinforced and actively promoted by Moshe Arens, who has made no bones about his unequivocal support for the Lavi.

BUT THE FACT that this is, perhaps, the most widely approved project in the history of Israel, does not mean that it should not be examined again, says Zvi Schur. And since, in his recent position as chief financial adviser to the CGS he had access to all the background in-

fers which includes both highly sophisticated, "front-line" planes and lower-grade aircraft, designed for limited tasks in limited arenas. By changing the specifications on the Lavi, the air force has *de facto* changed that ratio, and come up with a formula which may be what the

close to \$40m. (prices of systems are elastic, depending on what they comprise) the Lavi will cost between \$13m. and \$15m. fly-away, and slightly over \$20m. if non-recurrent research and development costs are added. A squadron of Lavis will, over a period of 15 years, cost 30 per

the production costs as well.

But there is no guarantee that money will be as readily forthcoming under a new administration, or even under a Reagan administration that may face economic or political pressures later on. And it should be noted that one of the largest American producers, Northrop, has pumped some \$2.34b. of its own money into the development of the Lavi's potential rival in the skies, the F-20.

Arens succeeded in doing what has never been done before (except for a one-time payment to help the Merkava tank project) — getting the U.S. to agree that a sizeable portion of its defence aid to Israel need not be spent in the U.S., as required by law, but in this country. Thus far the U.S. has made two payments of \$250m., with a third on the way, to finance the plane here, as well as making available another \$150m. a year to subsidize Lavi technology and products being purchased in the U.S.

In short, thus far the U.S. has picked up almost the entire development costs on a project that has not only provided Israel with thousands of jobs for engineers, scientists, technicians and industrial workers, but also with another link in the chain of hi-tech infrastructure that will serve Israel well into the 21st century.

"If they had enough faith in the project to do this — and you can rest assured that they checked it through a thousand times — why should we be facing so much flak here?" one defence official lamented last week. The claim that if the Lavi were

cancelled, the Americans would divert the \$250m. a year into other projects in Israel is "contentious rubbish," according to key people in the defence establishment who have been involved in the ongoing talks with the U.S. They point out that when Israel tried to write into the agreement that the \$250m. would be used "principally for the Lavi," the Americans changed it to read "to be used for the Lavi."

Not only would the Americans not divert this money to other projects in Israel, says one of these sources, but "we can imagine what their attitude to giving us anything at all will be when they find out that we just threw away around \$1b. of their money. The damage to our credibility as a serious partner would be irreparable."

THE LAVI will fly; it is too late to stop it. But this does not settle the argument over whether the grandiose version of the plane currently in development should be the model the air force will have at its disposal by the end of the century.

Experts in the field claim that it is now impossible to go back to the drawing board. The air frame has been cast, and hundreds of millions of dollars have been invested in making sure that it is going to operate efficiently. "To go back now and design a smaller, different version, could land up costing more," a defence source protested.

"There is nothing easier than to claim that it is too late to turn the clock back," one of the plane's detractors retorted, "without stopping to think of the long-range repercussions of what is expedient now."

The problem is not a simple one. The project could boomerang on Israel: of that there is no question. If the Americans decide somewhere along the line to stop the grant — and it comes up for annual review — or impede the technology, Israel could be sitting with an economic yoke around its neck that could strangle the country.

If, on the other hand, it pays off, Israel will possess not only a home-made, ultra-sophisticated weapon that will guarantee its air superiority in a growing hostile arena, but a high-technology infrastructure that could prove to be the economic salvation of the state.

It is no wonder that, given the dimension of the dilemma, five successive defence ministers, all with different ideas about the need to produce weapons locally, re-examined the issue from every possible aspect. And one supposes that it is no accident that, in the ultimate analysis, they all came out in support of it.

## What bothers the defence establishment is that the more the debate is fuelled in Israel, the more doubts the Americans have about the viability of the project

formation, his opinion is worth listening to.

The Israeli economy was not in the position in 1981-82 (when the decisions were made) as it is now; the defence budget was not under the same strains, Schur points out. The budget for 1983 was \$3.2b., as opposed to a projected \$2.5b. to \$2.7b. for this fiscal year. Something that is ultimately going to cost the country well over \$10b. deserves to be re-appraised, he claims.

Hod, Weizman and Schur, and many others feel that the air force has run away with itself. Of course generals want better weapons, but the economy cannot always afford them. The *Jerusalem Post* was told recently.

The Israeli air force has historically maintained an inventory of fight-

generals want, but not what the country can afford.

The larger engine that leads to a larger airplane means higher fuel consumption and more training hours. The larger engine means a higher generating capacity which in turn leads to the acquisition of higher-grade and hence more expensive electronics and avionics. Increased sophistication and a multiplication of systems mean more and higher grade maintenance.

"The air force has worked its way into getting a Cadillac air force when this country can't even afford a Volkswagen one," said one of the Lavi's opponents this week.

Analysts in the defence establishment, however, claim that these charges are "sheer uninformed demagoguery." Whereas an F-16 costs

cent less in operational expenditure and amortization than a squadron of F-16s.

Moreover, they claim, even taking into consideration that there will be no exports of the plane or any of its satellite products, the Lavi is the cheapest, most efficient and most productive means for Israel to meet its needs in the air over the coming 25 years.

WHAT BOTHERS the defence establishment is that the more the debate is fuelled in Israel, the more doubts the Americans have about the viability of the project. Moshe Arens, when he was defence minister, scored an incredible coup by convincing the Americans to pick up most of the tab for the development of the fighter, and probably much of

## Shattering a myth

By WOLF BLITZER



Benjamin Netanyahu

The most recent such effort occurred in early November when Iraq again sought UN condemnation of Israel.

But thanks in part to a consistent U.S. stance on the issue, the Iraqis have met with increasingly less international support since the matter first arose in 1981.

To be sure, only the U.S. and Israel actually voted against the Iraqi proposal every year. In 1983, 11 mostly western countries abstained during the roll call in the General Assembly. But in early November this year, when the resolution was again raised, 33 countries abstained, a significant increase.

ISRAEL'S NEW ambassador to the UN, Benjamin Netanyahu, took the offensive in ridiculing the Iraqi motion against Israel when he addressed the General Assembly. "This is a regime, let us remember, which has recently and repeatedly employed chemical warfare — a kind of weaponry strictly outlawed by a treaty which Iraq is a signatory," he declared.

"There is a marvellous Alice-in-Wonderland quality to this whole business. Iraq comes forward with its anti-Israel draft resolution. Just a few short weeks earlier, its rival, Iran, presented its own anti-Israeli

motion. These two despotic and cruel regimes battle each other up and down the Shatt-el-Arab and the Persian Gulf.

"On Turtle Bay, they engage in a different, but equally grotesque, competition to see which of them can appear more anti-Israel and use up more of this body's time. They are as Tweddledum and Tweddledown in the famous story by Lewis Carroll — an Alice-in-Wonderland that becomes

malice in blunderland."

Thus, what the Iraqi restoration of ties with the U.S. demonstrated, according to an Israeli official in Washington, is that the U.S. can, after all, maintain very strong relations with Israel and simultaneously improve its standing in the Arab world.

This flies in the face of the so-called conventional wisdom. It may also have been made a dozen years ago when Egypt kicked out the Soviet Union and began to warm up to Washington, but it was reinforced in November by Iraq's move.

In short, Israeli and U.S. officials agreed, the Arab states, including some of the most radical, are coming to realize that the American-Israeli connection is iron-clad; that there is virtually no realistic hope of driving a wedge between the two. At a time of serious division within the Arab world and a marked reduction in the influence of Arab oil, this has caused some serious re-evaluation on the U.S.-Israeli connection.

IN SEEKING improved ties with Washington, the Arabs are in fact increasingly ignoring the U.S.-Israeli relationship in order to promote their own commercial, political and military interests. They have

been forced to swallow the U.S. attachment to Israel.

There is also a greater sensitivity in Washington to the myriad problems in the Middle East which have nothing really to do with the Arab-Israeli conflict.

"The Americans finally are recognizing that a solution to the Arab-Israeli conflict will not solve all the problems in the region," said Jacques Torczyner, of the World Zionist Executive.

All of which has tended to ease the pressures on Israel. This has been evident not only in Washington but also at the UN, where both Israel and the United States have benefited. In recent weeks, for instance, there were these developments underlining a new, more positive trend:

■ The continued Soviet occupation of Afghanistan received the support of only 20 countries, mostly its East Europe satellites.

■ The once-solid line-up of African states has cracked. There is less willingness to automatically be associated with the Soviets and the Arabs on all sorts of issues. Mozambique, significantly, abstained during the vote on the Iranian proposal to reject Israel's credentials at the UN. Several other African states did, too. Somalia and Ethiopia, bitter enemies, are fighting over the next African member of the Security Council. Libya's Muammar Gaddafi has frightened many Africans, helping to change the political face of the continent.

■ The Arab bloc is also in disarray. This was apparent even during the vote on Israel's credentials. Egypt

voted against the motion, Lebanon abstained. Jordan was pointedly absent, and Iraq actually abstained (mostly because the Iraqis — with whom they are at war — were behind it.)

■ The West European and Latin American countries are also increasingly becoming fed up with what is widely regarded as the excessive Arab abuse of the UN system to vilify Israel.

"THE DECLINE of Arab oil and financial power," says Netanyahu, "creates a wealth of opportunities not only to recapture all that was lost — we are close to that already — but to strengthen our international position in countries where we had no presence, or a minimal one, before."

He also cited the split within the PLO and its loss of an independent territorial base in Lebanon.

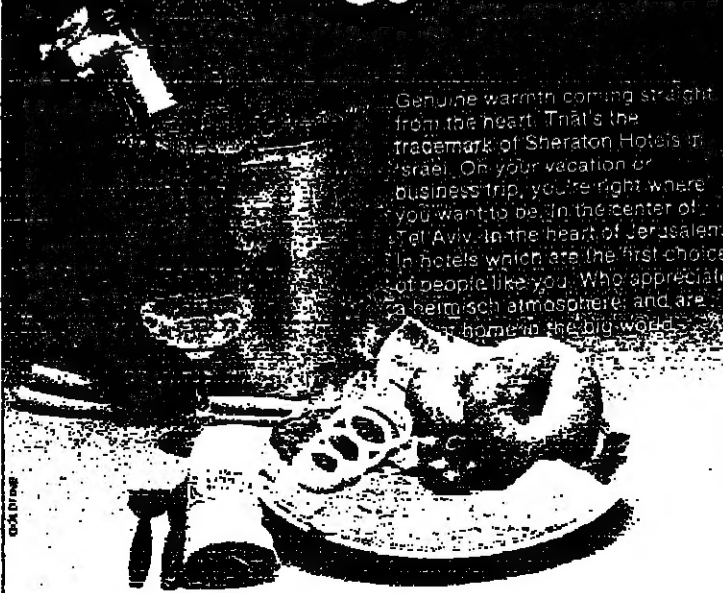
There have been positive spillover effects on U.S. attitudes towards Israel, as well as those of many other countries — some of whom were quite hostile only a few years ago.

"None of the opportunities opened up by the decline of Arab oil, the collapse of the PLO, and the shift in America's policy have come about because we sat idly by," Netanyahu continued. "They required grim perseverance in the first case, resolute action in the second, and innovative diplomacy in the third."

"Above all, they required a steady, confident gaze at the world around us as it really is."

The writer is the Washington correspondent of The Jerusalem Post.

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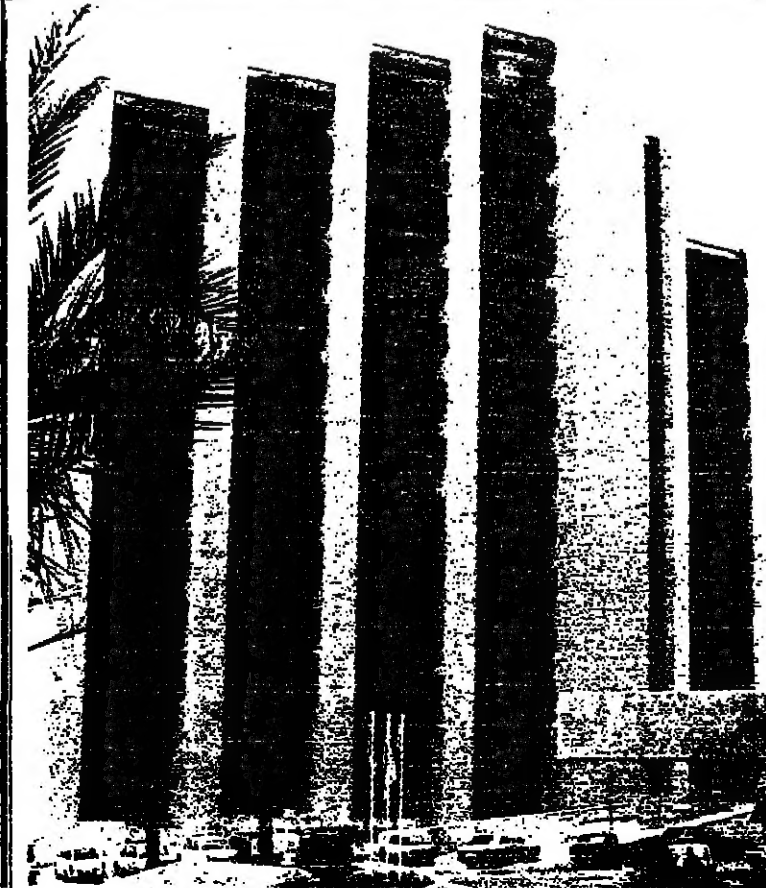
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MICHAEL STARR



# On the road to diplomacy

PRIME MINISTER Shimon Peres reportedly intends to keep his travels abroad to an absolute minimum though he's off in Paris now meeting his old pal from the Socialist International, French President François Mitterrand, and is said to be contemplating trips in the coming year to Rome and Bucharest.

No doubt, in France and Italy, he will attempt to mend our Europe fences, and then there was the invitation, conveyed through official channels from Rumanian Foreign Minister Stefan Andrei. The formal invitation to meet with Rumanian President Nicolae Ceaucescu certainly fits in with new shifts in the Middle East kaleidoscope and possibly new initiatives in the offing.

Meanwhile, Foreign Minister Yitzhak Shamir, has been airing his reservations to Peres about Minister in the Prime Minister's Office Ezer Weizman because of his sorties into foreign affairs. So far no one in the Prime Minister's Office has been willing to confirm foreign press reports about Ezer's encounter with Bavarian Premier Franz Josef Strauss during a recent trip to Munich. Now one hears that our intrepid traveller is off to Geneva this weekend, officially on a fund-raising tour, plus a chat with tycoon Nessim Gaon. There are those who say that Weizman's forays abroad are preparatory work for a summit between Peres and Egyptian President Hosni Mubarak.

Many of Peres' Labour Party comrades complain that he's devoting too much time to massaging Ezer's ego. Peres' people explain that Ezer has to be kept in good temper or he might pick himself up and bring down Peres' first cabinet.

THE COLD breeze emanating from Cairo warmed up slightly when former U.S. envoy Sol Linowitz brought regards from Jehan Sadat, the widow of Anwar Sadat, to former premier Menachem Begin. Linowitz phoned Begin's home to convey the message and received a lively response.

THE HERO behind the scenes of this week's dramatic political events — which more than once threatened to topple the shaky national unity coalition — was Energy Minister Moshe Shahal.

Working incessantly, Shahal managed to formulate the legal document detailing the division of the Interior and Religious Affairs portfolios between the National Religious Party and Shas.

Together with NRP strongman Rafael Ben-Natan and with Yehuda Ben-Meir, Shahal drafted 18 clauses outlining the changes to be made in the two ministries. These involved religious departments and budgets being removed from the Interior Ministry and added to the Religious Affairs Ministry in order to sweeten the pill for the NRP.

Following the ultimatum by Rabbi Yitzhak Peretz of Shas to resign from the government if the portfolios' division was not completed and presented to the cabinet by Tuesday, Shahal worked through

EVEN Weizman's cabinet critics could not but concur when he declared "It's high time we had a minister of industry and trade." The man in that job, Ariel Sharon, of course is in New York for his libel suit against Time magazine.

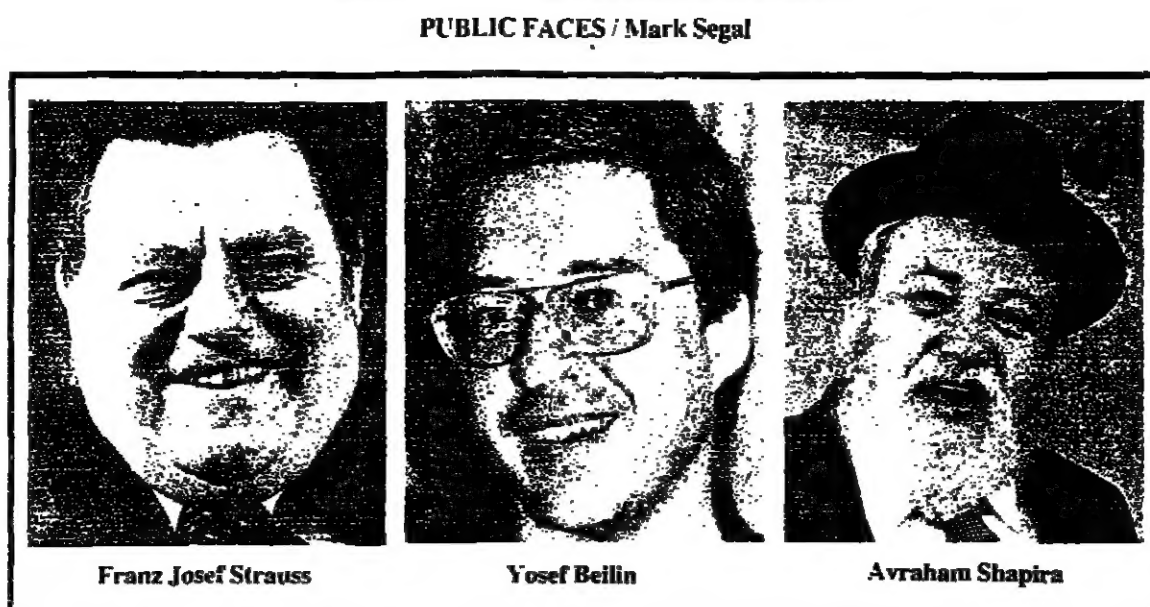
There is a highly reasonable explanation of why Labour ministers, led by Peres, are so sensitive to Modai's feelings. Should the Likud's fifth finance minister get fed up and quit, his most likely successor would be Ariel Sharon. One criticism of our workaholic premier is that while he's over-involved in economic policy-making, he lacks any advisory framework at his side. This void should soon be filled by a bright young economist with considerable experience in government and business. Amnon Neubach, who is still considering the matter, Neubach is currently assistant general manager (finance) at the American-Israel Paper Mills in Hadera and was formerly a senior official with the finance ministry's budget division. He was discovered by cabinet secretary Yosef Beilin, who brought him into the "First 100 Days" brains trust he formed during the election campaign. Beilin is apparently working now on ways to improve the workings of top-level government policy-making. One example before him is the British government's Mirror Committee, which includes the directors-general of all ministries and convenes two days before cabinet meetings under the chairmanship of the secretary of the cabinet. It examines issues on which ministers are at odds and those present are able to counsel their bosses as to the positions of others on their pet proposals. This saves lots of time, Beilin says.

Beilin brought this idea back from the four days he spent last week at

Monday night with Shas and NRP leaders. By Tuesday morning, he believed he had satisfied all parties. Even if they did not agree on the minutiae, they were expected to accept the general agreement and thrash out the details later.

As it turned out, Shahal's document was formulated without the approval — and against the wishes — of NRP leader Yosef Burg, who wanted the NRP, with himself as minister, to receive the Interior Ministry. But Burg was outvoted at his party's executive meeting on Monday evening and, despite much grumbling, accepted the party's decree.

It was Peretz who exploded at Tuesday's cabinet meeting when he saw Shahal's carefully crafted plan. "We never saw that document before. We were deceived all along," Shas sources said after the cabinet meeting, which Peretz broke up to discuss the situation with his patron, Rabbi Ovadia Yosef, of Shas's guiding Council of Torah Sages.



Franz Josef Strauss

Yosef Beilin

Avraham Shapira

the 16th century Wilton Park conference centre, south of London, operated by the Royal Institute of Public Administration. He joined his peers from the U.S., Europe and the Commonwealth, along with academic experts, to discuss "Policy Advice and decision-taking at the Top Level of Government." The other Israeli there was Yehzekel Dror of the Hebrew University.

What did they chat about in coffee breaks? I asked. About the satirical TV series Yes, Minister, says Beilin. As you may know the show's script writer is Jonathan Wynn, Abba Eban's nephew. The writer's uncle claims to have fed him with input about the influence of Israeli ministers' drivers.

AGUDAT YISRAEL'S Avraham Shapira probably yearns for his halcyon days as chairman of the previous coalition executive, when he was

PUBLIC FACES / Mark Segal

hailed as "Director-General, Israel Inc." Today he's being sharply criticized for his sorry performance as chairman of the Knesset Finance Committee, whose members complain both of his frequent business trips abroad and of his erratic conduct at meetings.

Meanwhile there are many on both sides of the political spectrum who regret the decline of the more worldly Aguda in favour of the more fundamentalist Shas Party. As Shas Minister Yitzhak Peretz prepared to take over the Interior portfolio, his party colleagues let it be known they would use the ministry to introduce segregated bathing along the country's beaches and lake shores. Shas MK Shimon Ben-Shlomo has earned the title of "the MK from Khomeinistan" for linking the deaths of Israeli soldiers in the Lebanon War to the immorality of female soldiers.

While Peretz is likely to get Interior but really wants Religious Affairs, Yosef Burg of the National Religious Party really yearns for Interior. It is said that Burg, now in his 22nd Cabinet, will never forgive his Lamifne faction strongman Rafael Ben-Natan for putting the party's interests before his personal preference, and their open break has shaken what's left of the old Miz-rachi movement. The joke going the round in the NRP goes like this: Q. What's the difference between the Messiah and Dr. Burg? A. One won't come and the other won't go. A twist has been added by Labour MK Rabbi Menachem Hacohen, who says, "There's more chance of the Messiah coming than of Dr. Burg ever going."

EYEBROWS have shot up in many political parties with the announcement from Shamir's office of his

appointment of Tzahi Hanegbi as his political aide.

The 28-year-old son of Tehiya's Gula Cohen was lately an aide of Transport Minister Haim Corfu, after returning to the Herut fold after a spell in his mother's party. Hanegbi had been in the headlines in recent years when he was charged with being less than gentlemanly in campus politics at the Hebrew University and for trying to block the evacuation of Yami.

Shamir's media counsellor, Avi Pazner, is to become information minister at our Washington Embassy, a post that has been vacant for over a year. It's a highly welcome appointment of a professional to such a sensitive post. Pazner is no stranger to the District of Columbia, as he previously served for seven years as spokesman at the embassy. That post will be filled by Yosef Gal, assistant director-general of the Foreign Ministry, who will replace Victor Harel, who has done a splendid job in such an onerous position.

PREMIER Peres reminisced about his mentor, the premier of premiers, David Ben-Gurion, on Sunday when he was awarded an honorary doctorate by Shlomo Gazit, president of our university in the Negev, and delivered the annual David and Paula Ben-Gurion Memorial Address. It was just over 21 years ago that Peres drove down with a host of others to celebrate the Old Man's 77th birthday at his famous green hut in Kibbutz Sde Boker. Then B.G. proclaimed that the bleak desert plateau "will become Oxford in Israel." Many of the VIPs present shook their heads in disbelief.

Accompanying President Chaim Herzog at the Sde Boker ceremony was a TV crew, directed by CBS

veteran Bill McLure. The crew has been dogging Herzog's footsteps for the past fortnight to get footage on Israel for a 60 Minutes show to include an interview of our First Citizen by Harry Reasoner. American viewers will also get a glimpse of Israeli high-tech against some beautiful landscape including the new Rose Garden City (Ir Vradim) in Galilee, plus the President's rousing reception by the Arab residents of Tashkha.

They'll also have a glimpse of the presidential family at home. Aura Herzog got back just in time from New York, where she was guest speaker at the star-studded annual fund-raiser of the U.S. Friends of the Council for a Beautiful Israel (she is international president of the council). She told me that this year's event netted double the amount of previous years, packing 400 paying guests into Regine's night club. Owner Regine, whose maiden name is Zilberberg, donated use of her club for the evening and even brought in a kosher caterer, Bianca Jagger was there, but the main attraction was famous lyricist Jules Styne (Gypsy, Gentlemen Prefer Blondes), who was mobilized for the cause by top theatrical agent Milton Goldman.

Styne specially composed a song called Beautiful Israel and announced that it will soon be performed by either Frank Sinatra or Barbra Streisand, with proceeds to be used for the council's educational work.

FURORE IN THE MAKING: Davar has printed an interview given to its correspondent, Yossi Melman, by Greater London Council chairman Ken Livingstone. Some quotes: "The Anglo-Jewish community, dominated by reactionaries and near-Fascists... Israel, a tool of the American military... committed genocide in Lebanon." Livingstone also explained, "There are more Moslems than Jews in Britain; we have to develop close contacts with them."

## Anatomy of a crisis

By MICHAEL YUDELMAN / Jerusalem Post Reporter

Peretz adamantly opposed the removal of all the religious issues from the Interior Ministry. He went on to reject the entire document and to demand that a new agreement be completed by next Tuesday's cabinet meeting.

Shahal must now renegotiate every one of the 18 clauses and settle the issue by the Tuesday deadline.

THE LOSER of the week is undoubtedly former interior minister Burg, who has served in every Knesset since the establishment of the state. He suffered a stinging defeat this week.

Having served as minister of interior, religious affairs and police until the national unity government was formed, he agreed to receive only one portfolio in the current administration. But the portfolio he



Moshe Shahal

most coveted was the Interior Ministry, with its huge budget and wide influence.

But behind Burg's back, Ben-Natan — a member of Burg's Lamifne faction in the NRP — and Ben-Meir, of the young NRP members' faction, engineered an agreement that secured the Religious Affairs Ministry for the NRP, leaving the Interior Ministry to Shas.

Burg fought fiercely for the Interior Ministry at a meeting of the Lamifne faction earlier this week. "The Interior Ministry without the Religious Affairs Ministry is something, but the Religious Affairs Ministry without the Interior Ministry is nothing," he said.

Burg also told faction members that Ben-Natan had misled the NRP into believing that they could ultimately get the two ministries when, in fact, only one was available. And he charged Ben-Natan with mishandling the negotiations on behalf of the NRP.

Indeed, it is difficult to understand why the NRP opted for the Religious Affairs Ministry, whose budget is one-third the size of the Interior Ministry's.

It is also ironic, that the Religious Affairs Ministry — a creation of the once-powerful NRP — now appears to be the only thing left for the party.

NRP sources say it is vital for the party to maintain control over the nation's religious institutions and councils, through which religious appointments — including rabbinical judges — are made.

"The NRP cannot allow the entire religious life of this country to be controlled by an inexperienced, non-Zionist ultra-Orthodox party," said one source.

Another consideration was that if Shas refused to accept the NRP's version of an expanded Religious Affairs Ministry and resigned, the NRP would get both portfolios. If Shas did not resign but still refused to accept the Religious Affairs Ministry — with the support of the Likud — the NRP could resign.

Then the Labour Party would renew its courting of the NRP and the entire negotiations would be reopened. Burg would no longer be the NRP's ministerial candidate and new possibilities could open up for Ben-Natan, Ben-Meir, Zevulun Hammer and others.

But Levy bridled at the proposal.

Shamir clashed on this issue with Deputy Prime Minister David Levy and Industry and Trade Minister Ariel Sharon, who support MK Eliyahu Ben-Elissar for the post.

Sharon, Levy and others who support Ben-Elissar insist on the issue being determined by Herut's central committee, while Shamir maintains that he has the last word on the appointment of deputy ministers.

However, the issue has long since become a matter of principle. Whoever wins it will prove his strength and leadership in the movement. Shamir has ignored the entire affair for a few weeks, hoping that the objections to Dekel's appointment would subside. In a surprise move, he raised the issue at Tuesday's cabinet meeting, without putting it on the government's agenda.

But Levy bridled at the proposal.

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# The Jerusalem Post's Yosef Goell talks to a group of high school pupils about their view of democracy



Shai Datika (left), Shai Shalom, Shlomit Yitzhakian... 'We were never educated to democracy'

## WHAT YOUNG PEOPLE THINK



Ofer Yossipovitch (left), Gabi Shmaya... 'There should be equality.'

I WENT TO THE Boyar boarding-school in Jerusalem's Bayit Vagan to talk about democracy with a group of 16-17-year-olds, but we ended up talking almost exclusively about Arabs.

That turn of events provided additional evidence of the confusion in the public debate about the recent rise of Kahanist racism. Various public figures have tended to equate such racist attitudes with anti-democratic opinions. But is that a legitimate association in all cases? Can one be an anti-Arab racist and still support a democratic political system?

Another question also arose. If one is anti-Arab because rightly or wrongly, one views Arabs as the enemy and a threat to the State of Israel, is one necessarily a racist? The answers are not as clear-cut as one would expect.

My visit to Boyar came about as a reaction to last Sunday night's edition of Dan Margalit's television programme *Meetings*. He brought together two panels of three young people to discuss Kahanism and democracy. The "right wing" trio included two out-and-out Kahanists, one religious and one secular. The latter was savvy enough to admit that even the feelings he was expressing about Israeli Arabs were not his true opinions; he hesitated to express these on TV for fear of being prosecuted.

The "left" panel included a grandson of the late "Canaanite" poet Yonatan Ratosh, who spoke of the need to drop all Jewish symbols in a new Israel, and combine the Star of David with the Islamic crescent.

They were all as confused as adults tend to be on Israel TV confrontation programmes. But the Kahanist sentiments were sufficient to arouse the fears of many viewers about what

is happening with Israel's school population and the future of Israeli democracy.

Students of the sixth and seventh forms at the Boyar boarding-school watched the telecast of the film together with Dan Margalit and two of the producers, and then proceeded to debate the issues themselves. They reportedly concluded by voting overwhelmingly against the "anti-democratic" panel.

It should be noted that Margalit's programme was mounted in response to a *Ha'aretz* survey several weeks ago which found that about 25 per cent of high-school youngsters held definitely "anti-democratic" views.

**'I think it would be unthinkable to forgo democracy or to limit it'**

THE FOLLOWING night I went to meet five of the Boyar seventh-formers, in an attempt to get a glimpse of what intelligent young people really were thinking about these issues.

The five were: Shai Datika of Tel Aviv, whose forebears have been Israelis for several generations; Shai Shalom of Beersheba, whose parents came from Tunis; Shlomit Yitzhakian of Hod Hasharon, whose parents came from Iran; Ofer Yossipovitch of Arad, whose parents are from Rumania; and Gabi Shmaya of Tel Aviv, of mixed Moroccan-Iraqi parentage.

I found them an engaging, spirited and articulate bunch.

Their response to my opening question about their attitude to democracy was solid approval of what they understood to mean "equality for all, regardless of race,

sex or religion." But there were differing attitudes on the exceptions that should be made in regard to Israeli Arabs if they prove to be a threat to the state.

Gabi: "I think it would be unthinkable to forgo democracy or to limit it. There should be racial and ethnic equality as in America. (What does he know about the actual degree of equality in America? 'Not very much.')

"I'm not in favour of the left. I certainly don't hate Arabs. I want to extend democratic rights to them too. But in practice it's difficult."

Shai Datika: "There was a lot of confusion and contradictions in the TV programme. I understand democracy to mean full equality between nations and ethnic groups. But if any group is a threat to the security of the state, its member citizenship should be withdrawn and they should be expelled."

Did he mean only Israeli Arabs? "Yes, if they're a threat to the security of the state. But I don't support Kahanism and I'm against mass expulsions. I would be in favour of getting rid of the Neturei Karta too, if they proved to be such a threat."

Shlomit: "Everything that's happening today in this regard is a result of the repression of opinions in the past."

"We were never educated to democracy and everything seems to be bursting out today, with a big bang."

Ofer: "In my view, all citizens should be equal. If the Arabs want to be full citizens they should enjoy full rights. But not in the territories."

"Anyone who's against the state should be expelled."

Agadat Yisrael too? "No. They just talk. They don't do

anything to endanger the state."

Shai Shalom: "Democracy means full equality for all regardless of race, nationality or sex. But that's good only for countries that can afford it. In our case it's bad both for the individual and for the public. Giving the Arabs the right to vote is dangerous for us."

"Israel is a Jewish state. We fought long and hard to get our own state. The Arabs are our enemies. It would be nice if we could believe that the Israeli Arabs will eventually accept our existence here as a Jewish state. But I don't think it will ever really happen."

Shlomit: "But you know, we didn't come to an empty land. The

**'If any group is a threat to the security of the state, its members should be expelled'**

Arabs were here when we came. They've lived here for a long time and they have rights in what is their home too."

IN THE TWO-HOUR session, not one of the five referred to his or her own volition to problems of democracy outside the context of relations with the Arab minority.

Under my prodding, Shlomit said: "There are problems with democracy that develop from the squabbling of the parties. That's shameful."

How do they know what they think they know about democracy and about the Arabs?

Shai Datika: "Some of it from

what we've heard at school. But mostly from the papers. I read *Yediot Aharonot*, and sometimes *Ma'ariv*."

Shlomit: "Mostly from reading history books. Also a lot from the papers - in my case *Ma'ariv*. Very little from school. Even less from my family, who tend to be right-wingers, while I'm more left."

"I've got very little from the extra-curricular sessions on general subjects (*shiurei mehanah*). They tend to be very disorganized and deal with administrative matters and not with the subjects themselves. I think the reason the school doesn't do much about it is that they're afraid to get involved in controversial subjects."

The other four agreed that most of what they know, and the opinions they hold, come from the newspapers - not from the opinion articles but from the news stories.

Shai Shalom: "I know what I know mostly from the papers. I read *Yediot*, *Ma'ariv*, *Ha'aretz*, and even *The Jerusalem Post* in class. I know little from school."

SINCE THE GROUP chose to concentrate exclusively on the Arab question, I asked whether they had any personal knowledge of Arabs. Did they think it would be a good idea if they had an opportunity to get to know a few Arabs as individuals?

Shai Datika: "The only Arabs I know are the ones who work in the kitchen here. Our headmaster says it's getting dangerous to have them work here, and I think they'll be getting rid of them."

Gabi: "Yes. I think it would be a good idea."

Shlomit: "I think we should make an effort to get to know Arabs. But deep down I don't believe much can come from such meetings."

Shai Shalom: "I think it's a good idea to get to know people who are different from us. *Haredim*, for example. But I think it's the Arabs who should make an effort to get to know us, and not the other way around."

"I know the Arabs who work in my father's restaurant. I think their murderous attitude towards us stems from little things. They all work in unskilled jobs, and that can only make them resent us."

What have they learned about

**'The Arabs have lived here for a long time and they have rights in what is their home, too'**

democracy, and in what framework? The answers I got from the five and from the director of the school dormitories, Michael Hen (himself a Boyar graduate) indicate that nearly all their formal knowledge on the subject came from a general history class last year in which the only things that were dealt with were the rise of Nazism and the Holocaust.

WHAT HAS BEEN recorded here is certainly nothing like a scientific survey of teenage Israeli attitudes to democracy and the Arabs: it is a mere glimpse of those attitudes, cul-

led from a group of students who cannot be regarded as representative of Israel's youngsters. Boyar is considered a particularly good high school, and the boarders are very carefully selected.

Much more extreme anti-Arab and anti-democratic attitudes are to be found in religious schools, both of the Aguda and of the NRP type, where Gush Emunim influence is strong.

Perhaps the most important of all the remarks I heard from the Boyar group was Shlomit's: "We haven't been educated to democracy."

Schools, teachers and counsellors do talk about such problems. But quite obviously, not effectively so. I drew two conclusions from any Boyar experience. The first was that the level of the education we give our teenagers leaves much to be desired in regard to their general knowledge of the world, of current realities in Israel and of basic democratic values. The second was that the most effective educational instruments we used to have on these matters was the youth movements, but that in our great stupidity, the system has done everything in its power to kill them off.

As a parting shot I asked the group whether they would ever like to get into politics. They all made faces - except Shai Shalom. He began hesitantly with, "The thought has entered my mind." And then he decided to take the plunge and said "Yes!"

I believe we'll be hearing more from him in 10 years or so.

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Dr. Robert Sreter, immigrant from the USA, 33, married + 2

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Neve Shmuel נחל שמואל



THIS WEEK, half of Labour's Knesset faction gave concrete expression to a growing trend by forming a dovish lobby within the party. One of its moving spirits is Aharon Harel, a Knesset member with a past reputation for being a highly vocal hawk.

How has he become transformed into one of his party's leading doves? "The Yom Kippur War shook my absolute and unquestioning trust in the truths emanating from our defence establishment. But the turning point was the achievement of peace with Egypt."

"Suddenly all my beliefs imbued from Moshe Dayan were shaken. I visited Egypt and discovered that the Egyptians wanted peace as much as we do. I increased by contacts with Palestinians and Israeli Arabs, learning how much they, too, yearned for peace."

"As head of the Histadrut Organizational Department [for 12 years], I was involved in our Arab sector. I must have visited every Arab village in Israel in the course of my work."

"I reached the conclusion that there is a common human denominator between us all, and that there are fanatics on both sides. Just as we made peace with Egypt after fording that river of blood between us, so we have to establish bridges with others."

Cabinet ministers are perfectly justified in defending the national unity government as the only choice to save the country, says Harel, "but that should not prevent us as party members from emphasizing our ideological differences with Herut."

The new lobby, Harel promises, will meet frequently and serve as an active lobby for peace.

But won't such an organization hamper the work of Prime Minister Shimon Peres? "On the contrary, it will help him. I base myself on Golda Meir's practice of always sending U.S. Secretary of State Henry Kissinger to talk to Likud leader Menachem Begin. Asked why, Golda would explain: 'So he should know that I'm not the most extreme person in Israel.'"

Harel, who is also active in a broader forum, leading the parliamentary group within the International Centre for Middle East Peace, encompassing MKs from Labour, Shinui, Mapam and the Citizens Rights Movement, believes that such an articulate ginger group would strengthen Peres' efforts in seeking and all openings to revive the momentum for peace.

THE LABOUR back-bencher is delighted that fellow MK Uzi Baram has become party secretary-general, believing that he is the best man to

## Watchdogs within Labour

Post Political Correspondent Mark Segal talks to Aharon Harel MK (right), who is one of the driving forces behind the dovish lobby which was formed this week.



shake up the party organization and awaken its members from their ideological torpor. "I'm sure he will cause ferment and rock the boat."

So who speaks for Labour—Harel himself? Or Deputy Agriculture Minister Avraham Katz-Oz, who advocates expanding settlement in Judea? Or Abdel Wahab Darousha, who still talks of personally mediating with the PLO?

"As a party we've lost direction," says Harel. "Each one of us can express his opinion, but the party must resolve our collective course. He quotes Berl Katznelson: 'Freedom of discussion, followed by the power of decisiveness.'"

Contending that Labour is now undergoing its most serious crisis, he says: "The national unity government has adopted policy lines which are far away from our programme. That creates an ideological conflict."

The prime minister and his fellow Labour ministers can argue that they formed the grand coalition to rescue the country, Harel says. "But that should not stop me and other Labour MKs from saying who is to blame for

the mess. "I find our party ministers hyper-cautious in mentioning the Likud's guilt, for the sake of peace and quiet in the cabinet. Soon we'll find Labour being blamed for the Likud's catastrophic mismanagement of the nation's affairs. I keep telling our ministers that if they insist on being so considerate of Likud sensibilities, they'll soon be left carrying the burden of blame. We are already seeing how the deputy premier, David Levy, is outflanking us on the left in his criticism of the government's economic measures."

"I've watched him build himself up at the Histadrut Executive, through populist agitation. He's going to have an even broader base for activity as the economic situation gets worse. Yet, as a senior Likud minister, he shares responsibility for the mess. Why should he be allowed to get away with it, just because our ministers don't want to hurt Likud feelings?"

HAREL DECLARES that neither he nor any other Labour MK should be content to be the administration's rubber stamp. "I see no reason why I should not say what I think of Arik Sharon's antics and the damage he has wrought. It is for the government's good to have its own loyal, if critical, watch-dogs."

The only way the Labour Party can save itself is to ensure that there is not a complete identity between its positions and those of the government.

Harel does not believe that recent events have buried the Jordanian option: on the contrary, he claims, it looks more feasible than before.

"King Hussein told the Palestinian National Council that he was in favour of a settlement based on UN Resolution 242. He spoke of territories, but did not specify which ones. Nor did he mention Jerusalem. True, he did not say he wants to give up anything, but he did tell the PLO: 'Let's go to the conference table, lest we lose our chance.'"

He has met President Mubarak, and is willing to join the bloc of moderate Arab states. That must oblige Israel to make its own move.

otherwise we're opening the door to an imposed settlement that will include a Palestinian state."

The government has to pursue a pragmatic course, says Harel, but that should not prevent the party from adopting its own position. "I see no reason why the government and the party should not speak in two voices."

At 52, "Ariele," as he is known, who lives in Ramat Gan with his wife Nira, has a reputation as a brilliant organizer and a man of integrity, which he acquired during his years in the political wilderness which he entered following Ben-Gurion, Dayan and Peres into Rafi.

He was in charge of the 1977 Labour Alignment, Histadrut election campaign, managing to keep intact a majority only a month after the Likud had swept to power and also headed the party's 1981 Knesset election campaign, enabling it to recover many of its lost seats. Despite his acknowledged success in bringing the party 47 seats, a rift developed with party chairman Peres, who reportedly made Harel

into a scapegoat for not winning Labour more votes. Until then, Harel had been regarded as one of Peres' closest party lieutenants and troubleshooters.

The break coincided with Harel's deepening conviction of the need for a more activist peace policy, and, contrary to harming him, it helped him become his own man. He can now help fashion a second-rank leadership that could eventually take over.

THE CHANGE in their personal relationship notwithstanding, Harel applauds Peres' leadership, claiming that his efforts to form a national unity government have been amply justified by the course of events. "In my opinion, he's a first-class prime minister and he knows what he wants. He's shown himself to be a true Ben-Gurionist in his performance. However, I deeply regret that his over-involvement in economics leaves him too little time to develop his talents in the political field, where he most certainly has the experience and advantage over the rest."

What Peres is sorely lacking, Harel says, is a policy structure. "He should appoint a deputy minister who would be his liaison with the Histadrut and the party."

Does he have anyone in mind? "Yes, I have the right man, someone he trusts and has worked with—Michael Harish. He would enable Shimon to have his finger on the pulse. Harish would not take the place of Histadrut Secretary-General Yisrael Kessar, but he would serve the useful function of maintaining permanent contact and providing a conduit of information. Such a liaison would show Shimon the best means of establishing grassroots contact."

There is no knowing how long the grand coalition will last, says Harel, but in any case it will have been worthwhile. The most obvious benefit to the party is the almost magical change in Peres' popularity.

"Herut is now going through the leadership crisis we had after Golda Meir's departure, also means the sudden absence of a dominant leading figure. Shamir's primacy is contested by Levy and Sharon. In 1984 we learned the lesson and resolved the leadership issue."

"I remember when I took over the election campaign in 1977, I commissioned an opinion survey of the causes of our debacle at the Knesset polls. The main causes were: first, the fight between Peres and Rabin; then the spectre of corruption caused by cases like that of Asher Yadin; then strikes, followed by

inflation. Everyone thought 27 per cent inflation was awful back in 1977," he recalls. "When Shimon Peres came about strikes having caused the electoral failure, I told him: 'You squabbled with Rabin and so, we lost.'"

THIS IS HAREL'S second Knesset term. He is serving on three committees, and his most challenging work will be as head of the sub-committee charged with looking into education in the IDF.

"To my mind," says the father of four, "the battle to preserve democracy and against extremism must be fought on the educational field—in the schools and the army. By the time young people reach the university, it's too late. As we've seen, Kahanism is part of the Khomeinist plague, not just a product of the Begin heritage."

"We saw in the recent elections how the Likud went down from 48 to 41 seats, and how the NRP declined. Herut minus Begin is not the same party, and the voting showed it."

"I personally hold that the 1977 Likud electoral victory stemmed from the 1965 alignment between Labour and Mapam. That was the original sin."

Six months ago, Harel agreed to become director of Beit Berl, the party college near Kfar Sava. "I want to convert it into the party's ideological centre. It has to become the power house for new ideas." And he sees Beit Berl as forming the heart of a long-term educational programme, one which, he is pleased to note, is favoured by the Histadrut's Yisrael Kessar.

Harel's new duties prevent him from continuing his lecturing on labour relations at the Technion in Haifa, and leave him little time to write more on the subject in which he has established a national reputation (his *Development and Changes in Israel's Labour and Industrial Relations*, written jointly with Amira Golan and published in 1978 has become a standard work; a new book, which outlines his latest theories on labour and industrial relations systems, will soon be coming out).

As a parting shot, I requested his reaction to MK Darousha's declared intention of trying to meet PLO leader Yasser Arafat again. "I too am ready to meet Arafat," countered Harel, "but on two conditions: that he recognizes the State of Israel, and that he publicly renounces the use of terrorism. Darousha went to see him without any prior conditions. That I find unacceptable. But then I am for the Jordanian, not the Palestinian option."

## Dealing with foes

TORA TODAY/Pinchas H. Peli

"ONE WHO WISHES to know which tactics to use when dealing with a non-Jewish king or governor," says R. Jonathan, a third century rabbi living in Roman-dominated Palestine, "should study closely the bible portion dealing with the meeting of Jacob and Esau" (Midrash).

Indeed, the detailed preparations for this meeting, the meticulous planning of every step leading up to it and the diplomatic statements rehearsed by Jacob's messengers for every possible eventuality, provide ample material for any course in strategic planning for a risky confrontation with a potential foe.

The slightest move during a confrontation as such, may lead either to lasting peace or all-out war, and must be weighed carefully.

Sometimes, the only way to achieve peace is by showing a readiness for war. But how does one ensure that things are kept under control?

Trying to achieve peace, one has to be extra nice on approaching the enemy and ready to make allowances of all kinds.

But how does one ensure this is not interpreted as a sign of weakness which might bolster the would-be aggressor?

Many generations of Jews, who too often had to face hostile rulers, tried to look for answers to these and

other questions in the story of Jacob as he moves towards the fateful meeting with his estranged brother, Esau.

Reading chapters 32-33 in Genesis, they sought to find guidance in their own predicament when faced with the Esau of each generation. Believing in the dictum which says "the deeds of the parents, are an omen for their children," and scrutinizing every word in the bible, they nevertheless did not copy blindly, without questioning, the example set by Jacob. Often, they dared not agree with him, even criticizing openly his actions when they did not seem right according to their own temper and given historic situation.

For example, the comment in Midrash Rabbah (75:11): "The moment Jacob referred to Esau as 'My Lord,' said the Holy-One-Blessed-be-He: 'You lowered yourself eight times' (Gen. 32:5, 8, 19; 33:8, 13, 14 and 15) to address Esau as 'My Lord,' you will be lowered therefore by the fact that there will be eight kings in Edom, prior to any king in Israel (see Gen. 35:31).

THE RABBIS CHASTISE Jacob not only for "buttering up" Esau by introducing himself as "your servant," and offering him lavish gifts, but also for the very fact of Jacob's seeking Esau's approval for settling in the land which he was forced to flee earlier. While some rabbis express their opinion that Jacob needed the approval of no one to return home, others suggest that we learn from Jacob how one must live with political realities as they are. Obviously, discussing Jacob, they are debating their own existential problems during times of strife and tension between the Roman conquerors of Eretz Israel and its Jewish inhabitants.

A recorded dialogue between Rabbi Judah the Prince (circa 200 CE) and his scribe Rabbi Appas gives us a sense of the mood which prevailed in those days. Rabbi Appas is requested by R. Judah to compose for him a letter addressed to the Emperor Antoninus.

When R. Judah sees that R. Appas opened the letter with the sentence: "From Judah the Prince to

Our Lord King Antoninus," he tears it up, and dictates as follows: "From your servant Judah to Our Lord Antoninus." Rabbi Appas protested: "Why do you slight your own honour?" And R. Judah replies: Am I better than my grandfather Jacob? Did not he say to Esau: "Thus said your servant Jacob."

"AND JACOB SENT messengers before him to Esau his brother" (32:2). Soon the messengers of peace "returned to Jacob, saying, we came to thy brother Esau, and also he cometh to meet thee, and four hundred men with him" (verse 6). We note a slight change in the wording of the story as related in the bible. It makes us realize immediately that the peace delegation had failed. Jacob dispatches the messengers to "Esau, his brother," hinting that "Esau" may bring out the "brother" within him: the messengers, however, come back saying that they met not "Esau (who is) his brother" but "his brother (who is and chooses to remain so) Esau." This reversal of words also reveals what may be on the mind of the 400 men that accompany Esau.

"Then Jacob was greatly afraid and distressed." Why this double emphasis, both "afraid" and "distressed"? The following are a few of the many explanations for Jacob's

two-fold reaction of both "fear" and "distress." "Fear" denotes, according to some commentators, panic which is caused by something from without, while "distress" is caused by inner "angst" which overcomes a person. Jacob was "afraid" that he may be killed in the showdown with Esau, simultaneously he was "distressed" that he may kill his antagonist. Both possibilities were good cause for alarm. Something of Jacob's feelings at this point were reflected

thousands of years later in the words of Golda Meir who is quoted as having said that "we are angry with our enemies not only for killing our sons, but also for making our sons kill."

Another explanation sees Jacob's "fear" as the cause for his "distress." Being promised by God himself that He will watch over him (Gen. 28:15) and being told explicitly (ibid., 46:3) "Do not fear," Jacob nevertheless could not help being afraid. At this point he realized that there is no-

thing to fear more than fear itself. He was distressed over the fact that he cannot overcome fear.

One more explanation is that he was "afraid" for his own life, and "distressed" over what might happen to his family. The sequence of the story tells us that of the two—the latter one was the stronger.

Va-Yishlach (Genesis 32:4-36:43) is read in the synagogue this Sabbath, December 8. Rabbi Peli is Norbert Blechner, Professor of Jewish Thought and Literature, Ben-Gurion University of the Negev.

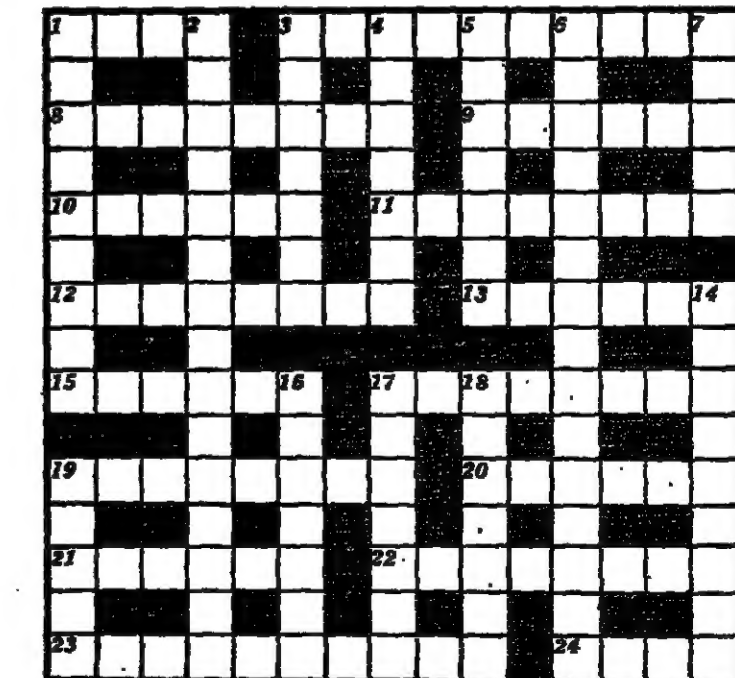
## TWO-IN-ONE CROSSWORD

### ACROSS

- 1 Liquor left on a ship (4)
- 3 Many drivers have to stop to get one (7, 3)
- 8 Don't go on being dull! (8)
- 9 One worn out, losing nothing but fame (6)
- 10 Check on clannish people, perhaps (6)
- 11 Returned to questioning person? (8)
- 12 Out-of-date oboes let rip (8)
- 13 Appeared 'e deems it wrong (6)
- 15 They're given stacks to do inside! (6)
- 17 It clears various items (8)
- 19 Not good for the eyes, pouring water (8)
- 20 Having harmonious relationship with other musicians! (2, 4)
- 21 Supports one retreating, seemingly (8)
- 23 Was pettily objectionable, in a manner of speaking (8)
- 25 Tyre on car going flat out with this! (5, 5)
- 26 Looked at something in the Strathpey edition (4)

### DOWN

- 1 Places for jobs (8)
- 2 String one up on it! (5, 4, 6)
- 3 I enter a new position, being a learner (7)
- 4 Mean to affirm how old you are (7)
- 5 People sometimes fell in these wooden places (7)
- 6 Talk about this piece of furniture (10, 5)
- 7 Explosive device detonated first—ore then brought up (5)
- 14 Needed disc changing; I left and went down for it (9)
- 16 Wraps or unties a creature (7)
- 17 Some time ago, was made valuable (7)
- 18 Liar! It turns over about five—not important, though (7)
- 19 Dice are raised in these buckets (5)

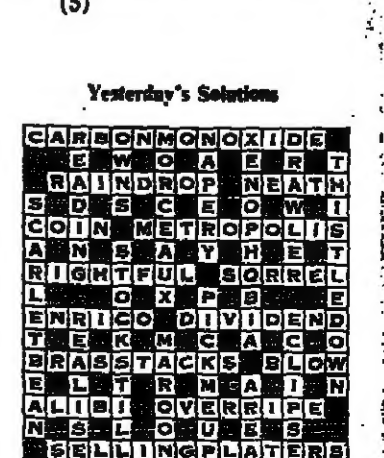


### 'Quickie'

- ACROSS
- 1 Medicinal substance (4)
  - 3 A pet food (3, 7)
  - 8 Holding tightly to (8)
  - 9 Took part in games (6)
  - 10 Brought up (6)
  - 11 Tired and languid (8)
  - 12 Types of carts (8)
  - 13 Ran fast (6)
  - 15 Unruffled and calm (6)
  - 17 Vessels holding liquid (8)
  - 19 One of the family (8)
  - 20 Decadent (6)
  - 21 Breed of dog (6)
  - 22 Took place (8)
  - 23 Sorrow for sin (10)
  - 24 Beast similar to the frog (4)
- DOWN
- 1 Honours with a medal (9)
  - 2 French soldier and statesman (7, 2, 6)
  - 3 To waste away (7)
  - 4 Protective spectacles (7)
  - 5 Laid down, as conditions etc. (7)
  - 6 British king, beheaded (7, 3, 5)

### Yesterday's Solutions

- 7 Sea movements (5)
- 14 Swollen (9)
- 16 Exalted in rank (7)
- 17 Form of bridge (7)
- 18 Thick, sweet substance (7)
- 19 To come round at intervals (5)



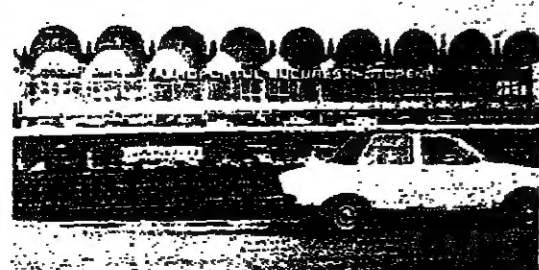
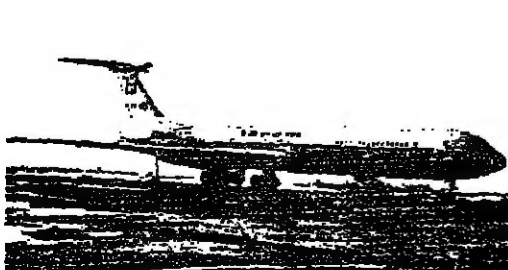
- Quick Solution
- ACROSS: 1 Harassed, 2 Woods, 3 Villagers, 4 Ten, 5 Lovers, 6 Dishes, 7 Quaint, 8 Tidy, 9 Stairs, 10 Boat, 11 Rip, 12 Conspicuous, 13 Secret, 14 Quaint, 15 Arcs, 16 Down, 17 Novel, 18 Ragged, 19 Silk, 20 Enamel, 21 Delta, 22 Asunder, 23 Wedlock, 24 Quaint, 25 Quaint, 26 Arcs, 27 France, 28 Spend, 29 Thank, 30 Loar.

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	Friday	10.00	12.30	RO 245	BAC 1-11 500 Series

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Moda'i to leaders of the electronics industry:

## Don't expect special help from me

By MACABEE DEAN  
Jerusalem Post Reporter

TEL AVIV. — Finance Minister Yitzhak Moda'i yesterday bluntly told the heads of the electronics industry that they should not expect any "preferential financial treatment" from him.

He made his statement after hearing Yigael Ne'eman, head of the Association of Electronics Industries, claim that inflation plus low foreign currency returns on sales in Europe "were making devastating inroads into our competitiveness abroad."

Ne'eman, who is the head of Tadiran, said as an example, that three years ago his firm had won a tender from the American Army because its prices were 30 per cent lower than those of other bidders. Two or three months ago, he said, Tadiran again tried to win a tender for the same type of materials, but its bid was 10 per cent higher than that of the two other competitors.

"This indicates how our competitiveness has fallen in the last three years," he said. "To continue to grow at its present rate of 22 per cent a year the electronics industry needed export incentives, tax reductions, help in renewing equipment, and promotional campaigns with government sponsorship abroad."

"The first cases of dismissals have appeared in several plants," he said. "Unless government help was forthcoming, he added, the industry would never meet its self-set goal of doubling production within four years, from the present \$1.8 billion a year. Nor would it increase the percentage of exports, which at present are almost half of this \$1.8 billion."

Moda'i indicated that he was not impressed. "You have built one of the most flourishing industries in the country. You employ 40,000 persons (including 8,000 engineers) in some 45 factories. Frankly, I think you can pull your own weight and more, and even if I wanted to help you, I just don't have the resources."

The Finance Minister said that at present 38 per cent of the national budget went to repay debts; 22 per cent went for defence; and 18 per cent for social security.

"This leaves me only 22 per cent to finance everything else in the country. Where shall I take the money? From the teachers? We will have a strike tomorrow. From the medical establishment? I can already see the media reporting persons dying for lack of medical help. From social welfare? Can't you hear the pleas of the elderly and the socially deprived ringing in your ears already?"

Earlier, he had admitted that the basic problem was the productive sector. Then he said wryly that the civil service itself was grossly overstaffed. "At least, it only produces half as much as it should."

If Moda'i could give the electronics industry financial help at the expense of other sectors, where could he get the money? "Of course, I can print it. But then your costs will rise faster than the help I give, and your situation will be worse than before."

Borrowing abroad was also out of the question, he said. "Nobody wants to lend us money."

His only solution was for the engineers in the electronics industry "to devise some magic software and some magic hardware," which would solve the problems of both this specific industry and of the country itself.

"But there is no magic formula. We must learn to live within our means, to reduce our demands and to let the forces of the market place do their work."

This meant belt-tightening, Moda'i said. "When was the last time any one of you rode on a bus? (Nobody raised his hand)."

"Well, I recently rode on a bus, and the experience wasn't so bad at all."

Then he admitted that his Volvo with his driver was trailing the bus all the time so he could be picked up at will.



## Spain's Seat unveils its new Ibiza

By YITZHAK OKED  
Jerusalem Post Reporter

TEL AVIV. — The new Ibiza car by Seat was introduced here this week.

The Spanish manufacturers see in the car a milestone in their country's motoring history. It is the first model to be made independently, since the company cut its ties with Italy's Fiat company.

Seat officials came to the conclusion that it would take too long to develop their own technologies and therefore decided in building the Ibiza to work in close collaboration with the leading experts in each field.

Porsche teams of engineers designed the engine and gearbox. The body design was entrusted to a leading European coachbuilder, Wilhelm Karmann, of Osnabrueck. The model being imported to

Israel has a 1,193cc engine which uses regular petrol and has a transistorized electronic ignition. The Ibiza can reach a maximum speed of 155 kilometres per hour and can go from zero to 100kph in 16 seconds.

## Bank of Israel exchange rates

December 6, 1984	IS
U.S. dollar	592.00
British sterling	714.84
German mark	192.32
French franc	62.762
Dutch guilder	170.42
Swiss franc	232.66
Swedish krona	67.261
Norwegian krone	66.353
Danish krone	53.538
Finnish mark	447.45
Canadian dollar	503.67
Australian dollar	321.37
South African rand	95.623
Belgian franc (10)	273.60
Austrian schilling (10)	310.87
Italian lire (100)	239.63
Japanese yen (100)	599.55
Spanish peseta (100)	345.84
Jordanian dinar	1456.3
Lebanese lira	71.330
Egyptian pound	458.80

## FOREIGN CURRENCY

INTERBANK SPOT RATES	per \$
US\$	1.2030/1.2040
DM	3.0845/3.0860
Swiss FR	2.5490/2.5505
Belgian Con	62.1962/21
French FR	9.4450/9.4325
Italian Lire	1908.40/1908.90
Yen	247.00/247.15
US\$	0.9050/0.9010

FORWARD RATES	per \$
1 month	1.2023/4
3 month	1.2018/30
6 month	1.2010/40

SW. FR.	DM
1 month	3.0740/80
3 month	3.0720/40
6 month	3.0690/20

By Oto Bihalji-Merin

The first comprehensive history and critical survey of the naive art of modern times, this is a book full of mysterious, enchanting people and strange, exotic objects of haunting beauty. Modern Primitives traces in words and pictures the development of this art style, from the intriguing paintings of Henri Rousseau to the originality of Grandma Moses and the wonderful simplicity of hundreds of unknowns. Published by Thames and Hudson, London; 304 pages including 389 illustrations (204 colour plates). PRICE: IS 7915.

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COUNTRY	CURRENCY	CHEQUES AND TRANSACTIONS	BANKNOTES
		PURCHASE SALE	PURCHASE SALE
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GREAT BRITAIN	STERLING	1 708.3488 717.1872	702.0700 727.0300
GERMANY	MARK	1 191.3260 193.7140	189.6300 196.3700
FRANCE	FRANC	1 62.3891 63.1676	59.6700 64.0300
HOLLAND	GULDEN	1 169.2474 171.6629	168.0400 174.0200
SWITZERLAND	FRANCO	1 231.9911 234.8858	229.9300 238.1100
SWEDEN	KRONA	1 66.5381 67.6721	63.3900 66.0000
NORWAY	KRONA	1 65.9562 66.7792	64.5200 67.0000
DENMARK	KRONA	1 53.0887 53.7912	51.9300 54.4900
FINLAND	MARKK	1 91.7974 92.9426	89.8000 94.2200
CANADA	DOLLAR	1 444.4919 450.0381	437.0500 456.2100
AUSTRALIA	DOLLAR	1 500.8339 507.0630	476.5200 518.6600
SOUTH AFRICA	RAND	1 319.8977 323.0317	268.7900 341.2200
NEW ZEALAND	DOLLAR	1 94.8612/6.0499	
ITALY	SCILLING	10 271.7457 275.1364	269.3300 278.9100
SPAIN	PESETA	100 308.8354 312.0679	292.3200 316.9800
JAPAN	YEN	100 238.6732 241.6513	236.5500 244.9700

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## TEL AVIV STOCK MARKET WEEKLY REVIEW/PINHAS LANDAU

## Plenty of action, but hard to draw conclusions

TEL AVIV. — "Interesting, but not convincing," seemed to be a valid summary of the trading week that ended yesterday. After long months of boredom, the different markets are showing much more life, but the problem facing analysts and investors alike is what, if anything, to make of it all.

Yesterday saw renewed gains in "free" shares, while the bank shares of the "arrangement" (and, indeed, the dollar itself) slowed to an almost total halt. The regular bond market was again active, with prices continuing to make steady gains. Volume in T-bills swelled again.

The share market has completely reversed its old pattern, which had dominated it almost throughout the year, of rising "arrangement" bank shares and falling or stable "free" market issues. Yesterday, the new pattern emerged in full force as the 1/2 per cent rise in the General Share Index fell into two distinct segments. Almost zero was the contribution of the bank shares, leaving the 1.84 per cent advance in the non-bank index as the driving force in the overall market.

Within the "free" market sectors, it was the mortgage bank sector which took the lead once again, with a 4.21 per cent rise, taking the sectoral index to almost 200. This is, of course, far less than any other sector this year, and the ongoing gains of the mortgage banks, even if there is some fundamental rationale for them, in the form of falling inflation, seems to be primarily a technical response to their non-performance hitherto.

Other sectors showing good progress yesterday were the investment companies and oil exploration shares.

The other feature that has accompanied the market all week was also in evidence again yesterday, namely the very positive advance/decline ratio (yesterday almost 4:1).

Of even more interest, however, is the growing change in the composition of the volume in the share market. Yesterday, for example, the

"arrangement" shares took only some 35 per cent of the total volume in shares — down from almost twice that level, and sometimes more, in the pre-package deal days.

This is probably the most important single indicator of the change in sentiment that has taken place in the market over the past month. The tremendous fall in nominal interest rates, from a 21% prime rate to only 12% now, has quite naturally led to renewed interest in the depressed share market. At the same time, the sharp slowdown in the rate of devaluation has made the dollar-linked bank share/bonds much less attractive than hitherto. These trends are developing more and more strongly as time goes on.

In the background, to some extent, is the index-linked and dollar-linked bond market, which — despite the expected decline in the rate of inflation — has made exceptionally good progress over the last five weeks in an unspectacular and unobtrusive way. Volumes in this market have been at the IS2.5 billion level almost every day this week, and the steady demand is underpinned by the knowledge that the terms of redemption of old bonds have been improved, so that bondholders no longer lose one or two indexes before receiving their money.

Another market that has come to life is the Treasury bill market, a recent creation which seemed to

have turned into a forgotten or unwanted offspring of the Bank of Israel's monetary policy. In another text-book move, these bills have reacted very strongly to the fall in interest rates, and interest in them has grown enormously.

From all the foregoing, it might easily be assumed that all the indicators in the capital markets are positive, and that the package deal has wrought an even bigger change in stock exchange behaviour than in consumer behaviour. There are, indeed, some analysts who are already speaking in terms of a new period of strength, even boom, in shares — particularly export-oriented companies which are evergreen analyst favourites.

However, there is at least one fly in the ointment. One market, albeit of a sort not allowed on the stock exchange floor, has returned to life this past week and bears a quite different message from that broadcast by the share and T-bill markets. This is the black market for foreign currency.

After several weeks of dormancy, which saw the premium on black dollars erode to almost zero, the price of dollars outside the official system shot up this week by some 10 per cent.

This sudden jump allows of at least two explanations. It may be that it is a "technical" move, a reaction to the earlier quiescence,

and that it was triggered by purchases stemming from salaries paid this week, or funds from savings schemes and bonds coming due. But if this is the case, the same must hold true for the rises in the share and other markets — since the money going to them is from the same sources.

On that basis, the whole rally is nothing more than a passing event of the sort known to professionals as a "bear market rally." These are usually brief and violent, and are followed by a renewal of the basic downward trend.

If the rise of the black dollar has a more fundamental meaning — because it represents purchases by people determined to get dollars, despite the current slow devaluation — it is that some investors are beginning to look toward the end of the package deal and a possible change in the exchange rate policy, or an outright large devaluation. This is a quite divergent expectation to that fuelling the rises in the share market.

The answers to who is right will come in due course. From the investor point of view, the most important consideration is that the buyer of dollars cannot lose, while his profits may be decent, but cannot be huge. The share buyer, in contrast, could be very badly hurt if the package deal falls apart or is not maintained, but his profit potential, in the event that inflation goes down and stays down, is simply staggering.

## Tel Aviv Stock Exchange prices, December 5, 1984

Change	Volume	Change	Volume	Change	Volume	Change	Volume	Change	Volume
price	trading	price	trading	price	trading	price	trading	price	trading
<b>Commercial Banks</b>									
(not part of "arrangement")									
Offit 1	9450 9.9	Gal Zohar 1	no trading	Angel	5700 13	Gal Ind 1	2040 83	Gal Ind 2	824 174
Maritime 1	2779 179	Gal Zohar 2	no trading	Shemen p	703 47	Dealer	789 78	Dealer	789 78
Maritime 2	785 289	Dan Hotel 1	770 500	Shemen p	1331 99	Ferril 1	5200 11	Ferril 2	5200 11
Gen non-arr	6000 10	Dan Hotel 2	435 755			Ferril 3	2385 10	Ferril 4	2385 10
Maritime 3	71 -2.3	Dan Hotel 3	361 35			Ferril 5	1630 93	Ferril 6	1630 93
N. Am. op 1	1790 263	Maritime 1	581 10			Teva 1	6970 149	Teva 2	6970 149
N. Am. op 2	3700 44	Maritime 2	581 10			Teva 3	4480 36	Teva 4	4480 36
Danot 1	515 156	Maritime 3	581 10			Yael 1	373 98	Yael 2	373 98
Danot 2	126 2840	Maritime 4	581 10			Yael 3	373 98	Yael 4	373 98
Danot 3	318 75	Maritime 5	581 10			Yael 5	373 98	Yael 6	373 98
Fintech 1	877 1789	Maritime 6	581 10			Yael 7	373 98	Yael 8	373 98
Fintech 2	810 2296	Maritime 7	581 10			Yael 9	373 98	Yael 10	373 98
Fintech 3	810 2296	Maritime 8	581 10			Yael 11	373 98	Yael 12	373 98
Fintech 4	810 2296	Maritime 9	581 10			Yael 13	373 98	Yael 14	373 98
Fintech 5	810 2296	Maritime 10	581 10			Yael 15	373 98	Yael 16	373 98
Fintech 6	810 2296	Maritime 11	581 10			Yael 17	373 98	Yael 18	373 98
Fintech 7	810 2296	Maritime 12	581 10			Yael 19	373 98	Yael 20	373 98
Fintech 8	810 2296	Maritime 13	581 10			Yael 21	373 98	Yael 22	373 98
Fintech 9	810 2296	Maritime 14	581 10			Yael 23	373 98	Yael 24	373 98
Fintech 10	810 2296	Maritime 15	581 10			Yael 25	373 98	Yael 26	373 98
Fintech 11	810 2296	Maritime 16	581 10			Yael 27	373 98	Yael 28	373 98
Fintech 12	810 2296	Maritime 17	581 10			Yael 29	373 98	Yael 30	373 98
Fintech 13	810 2296	Maritime 18	581 10			Yael 31	373 98	Yael 32	373 98
Fintech 14	810 2296	Maritime 19	581 10			Yael 33	373 98	Yael 34	373 98
Fintech 15	810 2296	Maritime 20	581 10			Yael 35	373 98	Yael 36	373 98
Fintech 16	810 2296	Maritime 21	581 10			Yael 37	373 98	Yael 38	373 98
Fintech 17	810 2296	Maritime 22	581 10			Yael 39	373 98	Yael 40	373 98
Fintech 18	810 2296	Maritime 23	581 10			Yael 41	373 98	Yael 42	373 98
Fintech 19	810 2296	Maritime 24	581 10			Yael 43	373 98	Yael 44	373 98
Fintech 20	810 2296	Maritime 25	581 10			Yael 45	373 98	Yael 46	373 98
Fintech 21	810 2296	Maritime 26	581 10			Yael 47	373 98	Yael 48	373 98
Fintech 22	810 2296	Maritime 27	581 10			Yael 49	373 98	Yael 50	373 98
Fintech 23	810 2296	Maritime 28	581 10			Yael 51	373 98	Yael 52	373 98
Fintech 24	810 2296	Maritime 29	581 10			Yael 53	373 98	Yael 54	373 98
Fintech 25	810 2296	Maritime 30	581 10			Yael 55	373 98	Yael 56	373 98
Fintech 26	810 2296	Maritime 31	581 10			Yael 57	373 98	Yael 58	373 98
Fintech 27	810 2296	Maritime 32	581 10			Yael 59	373 98	Yael 60	373 98
Fintech 28	810 2296	Maritime 33	581 10			Yael 61	373 98	Yael 62	373 98
Fintech 29	810 2296	Maritime 34	581 10			Yael 63	373 98	Yael 64	373 98
Fintech 30	810 2296	Maritime 35	581 10			Yael 65	373 98	Yael 66	373 98
Fintech 31	810 2296	Maritime 36	581 10			Yael 67	373 98	Yael 68	373 98
Fintech 32	810 2296	Maritime 37	581 10			Yael 69	373 98	Yael 70	373 98
Fintech 33	810 2296	Maritime 38	581 10			Yael 71	373 98	Yael 72	373 98
Fintech 34	810 2296	Maritime 39	581 10			Yael 73	373 98	Yael 74	373 98
Fintech 35	810 2296	Maritime 40	581 10			Yael 75	373 98	Yael 76	373 98
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Fintech 38	810 2296	Maritime 43	581 10			Yael 81	373 98	Yael 82	373 98
Fintech 39	810 2296	Maritime 44	581 10			Yael 83	373 98	Yael 84	373 98
Fintech 40	810 2296	Maritime 45	581 10			Yael 85	373 98	Yael 86	373 98
Fintech 41	810 2296	Maritime 46	581 10			Yael 87	373 98	Yael 88	373 98
Fintech 42	810 2296	Maritime 47	581 10			Yael 89	373 98	Yael 90	373 98
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Fintech 44	810 2296	Maritime 49	581 10			Yael 93	373 98	Yael 94	373 98
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Fintech 47	810 2296	Maritime 52	581 10			Yael 99	373 98	Yael 100	373 98
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Fintech 50	810 2296	Maritime 55	581 10			Yael 105	373 98	Yael 106	373 98
Fintech 51	810 2296	Maritime 56	581 10			Yael 107	373 98	Yael 108	373 98
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Fintech 57	810 2296	Maritime 62	581 10			Yael 119	373 98	Yael 120	373 98
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Fintech 63	810 2296	Maritime 68	581 10			Yael 131	373 98	Yael 132	373 98
Fintech 64	810 2296	Maritime 69	581 10			Yael 133	373 98	Yael 134	373 98
Fintech 65	810 2296	Maritime 70	581 10			Yael 135	373 98	Yael 136	373 98
Fintech 66	810 2296	Maritime 71	581 10			Yael 137	373 98	Yael 138	373 98
Fintech 67	810 2296	Maritime 72	581 10			Yael 139	373 98	Yael 140	373 98
Fintech 68	810 2296	Maritime 73	581 10			Yael 141	373 98	Yael 142	373 98
Fintech 69	810 2296	Maritime 74	581 10			Yael 143	373 98	Yael 144	373 98
Fintech 70	810 2296	Maritime 75	581 10			Yael 145	373 98	Yael 146	373 98
Fintech 71	810 2296	Maritime 76	581 10			Yael 147	373 98	Yael 148	373 98
Fintech 72	810 2296	Maritime 77	581 10			Yael 149	373 98	Yael 150	373 98
Fintech 73	810 2296	Maritime 78	581 10			Yael 151	373 98	Yael 152	373 98
Fintech 74	810 2296	Maritime 79	581 10			Yael 153	373 98	Yael 154	373 98
Fintech 75	810 2296	Maritime 80	581 10			Yael 155	373 98	Yael 156	373 98
Fintech 76	810 2296	Maritime 81	581 10			Yael 157	373 98	Yael 158	373 98
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Fintech 113	810 2296	Maritime 118	581 10			Yael 231	373 98	Yael 232	373 98
Fintech 114									



# To the Quick

## Congress Holds Its Fire On Reagan's Deep Cuts

By JONATHAN FUERBRINGER

WASHINGTON WITH the unveiling of his budget proposals last week, Ronald Reagan provided another of those surprises that have come to be a trademark of his Presidency. The budget he and his spokesmen outlined is an extraordinary package of spending freezes, outright reductions and eliminations of entire programs. Its promise is large: If Congress goes along with his proposals, spending will be cut by \$34 billion in 1986, \$60 billion in 1987 and \$75 billion in 1988. Reaching such targets would require drastic measures because the President doesn't want to touch Social Security and, so far, has not agreed to slow down the pace of his military buildup.

That leaves only a third of the budget to work with. This is why the plans disclosed last week would excise two dozen Government programs. Among other things, the White House proposed cutting Medicare outlays by almost \$19 billion over three years, the largest single reduction in the package. State and local governments would lose revenue-sharing, rail and mass transit subsidies and many other Federal assistance programs. Most farm price supports would be eliminated.

Drastic though the proposals might seem, Congress by and large held its fire—though the White House's suggestion that Federal employees make do with 5 percent less pay was sharply criticized by the workers and their Congressional allies. In fact, there were murmurings of "bipartisanship" here and there. Republican leaders even suggested that the automatic cost-of-living increase for Social Security recipients be frozen for one year, like other cost-of-living provisions included in the package.

The calm on Capitol Hill could have been misleading, however. It appeared that many members of Congress, and especially the Democrats, were simply biding their time, choosing not to attack a popular President so soon after his landslide re-election. They will be cooperative, many experts say, until the public—and the many spe-

cial interest groups—have reacted to specific proposals. (The generational shift on Capitol Hill, page 2.)

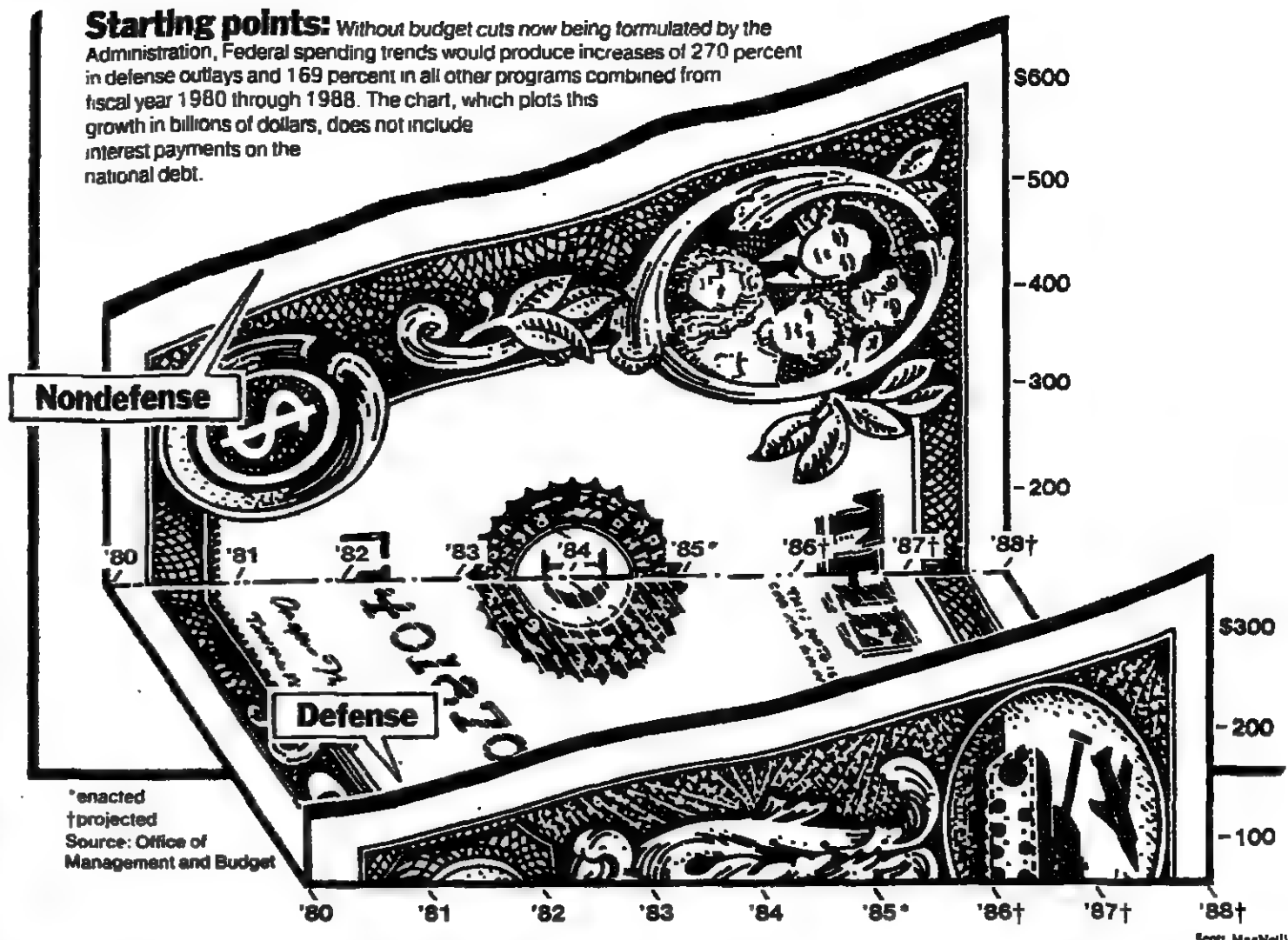
At the same time, the prevailing view in Congress seems to be that if Federal deficits upward of \$200 billion a year are to be headed off, emphasis should be put on pruning Government, not on raising taxes. Republicans call tax increases a last resort; House Democrats are wary of supporting higher taxes unless the President takes the lead. In his news conference on Friday, the President called the Treasury Department's tax simplification proposal "the best and most complete" he has seen. But the plan is not designed to increase overall revenue, and in any case it already has been given a lower priority in the White House, behind deficit reduction.

Many Senate Republicans, who may figure they have a larger political stake in the outcome than a lame-duck President, responded rather generously to the budget proposals. "We're going to try to go for all of it," said the Senate majority leader, Bob Dole of Kansas.

Rather than reacting to specific aspects of the blueprint, Republicans and Democrats alike talked more about insuring that, for the sake of fairness, the military budget should not be immune. "If the President is willing to reduce the growth of defense spending," said Thomas P. O'Neill Jr., who was re-elected as House Speaker last week, "then he will find that we will be helpful in non-defense areas of the budget."

Barry M. Goldwater, the pro-military Arizona Republican who is expected to become chairman of the Armed Services Committee, said in an interview with The Washington Post that the President should freeze defense spending for fiscal year 1986 at the current year's level and drop his efforts to secure approval for continued production of the MX missile.

**Starting points:** Without budget cuts now being formulated by the Administration, Federal spending trends would produce increases of 270 percent in defense outlays and 169 percent in all other programs combined from fiscal year 1980 through 1988. The chart, which plots this growth in billions of dollars, does not include interest payments on the national debt.



Secretary of Defense Caspar W. Weinberger, who was in Europe last week, returns this week presumably ready to resist assaults on the Pentagon budget. In his news conference, the President hinted that there might be savings from defense, saying he would ask Mr. Weinberger to "see what he can contribute" to deficit reduction. One proposal backed by top Reagan advisers (Mr. Weinberger excepted) would allow only a 1 percent increase in real defense appropriations in fiscal 1986, saving about \$8 billion that year and \$58 billion over three fiscal years.

Mr. Reagan's preliminary plans have been made public nearly two months before he is scheduled to send his 1986 budget to Congress. The proposals, which the President called a "working paper," are subject to change and negotiation. There could be plenty of both.

Even if the President agrees to some slowdown in defense, Congress is likely to want to wring more from the Pentagon's budget, enabling the House and Senate to avoid some of the more unpalatable domestic cuts. Disagreements over the mix of spending reductions could

mean a long spring of negotiations.

White House aides conceded that they have a long way to go. Most Congressmen who were briefed on the plan last week had reservations about something on the long list assembled by the President's economic and budget specialists.

Representative Newt Gingrich, a conservative Republican leader from Georgia, warned that the country might not be ready for such a drastically reduced budget.

"This is not the upbeat Opportunity Society commercial of just six weeks ago," he said, referring to the President's proposal. "If you are going to convince people that they need cancer surgery, you've got to convince them they have cancer. I thought that was Walter Mondale's message."

In any event, reducing spending is, for the time being, the preferred avenue to deficit reduction. Mr. Reagan reminded Congress of this Friday, when he said that Americans on Nov. 6 had "voted against tax increases and they were right and they voted against wasteful government spending and they were right."

## Bhopal Joins a Growing List of Industrial Tragedies

## The Pain Of Progress Wracks the Third World

By STUART DIAMOND

THE death of more than 2,000 people in India last week from a leak of poison gas at a Union Carbide chemical plant had an uncomfortably familiar ring to many who study the growing threat of technology gone wrong. It recalled Seveso, where a dioxin cloud poisoned an entire Italian town in 1976. It recalled Mexico City, where last month a fiery gas explosion killed almost 400 people.

And in a way it recalled the myriad hazards banned in America but sold for years to the developing world. Children's sleepwear with cancer agents. American-supported factories spewing mercury in Nicaragua and Indonesia. Each year, the British Oxford Committee on Famine Relief has estimated, 22,500 people die from exposure to such pesticides as chlordane, heptachlor, malathion, phosvel and kepone, many of them American exports.

As the city of Bhopal buried its dead and treated its injured, a chorus of criticism and concern arose anew about the quickening pace at which these technological tragedies seem to occur, and the role played by transnational companies, largely American-rooted. "It brought to the surface fears that have been latent for some time," said Noel J. Brown of the United Nations Environment Programme. "The growing frequency of industrial accidents is quite alarming. And, given the fact that we are synthesizing substances of unbelievable lethal quality, we must ask ourselves whether we have the management capability to deal with them."

Some experts are urging an immediate international inventory of hazardous facilities. "There may be other corporate chemical bombs in the developing world and we must not sit back and wait for the next disaster," said S. Jacob Scherr, an attorney for the Natural Resources Defense Council in Washington.

The potential for disaster was underscored three weeks before the India accident, when 450 corporate and government officials from 60 countries met near Paris to discuss applying uniform, stringent and voluntary standards to overseas operations. The Organization for Economic Cooperation and Development is considering adding a section to its industrial code of conduct to provide for disclosure by companies to host governments of potential hazards, for detailed emergency planning and for assessment of environmental impact before a facility is built. Last month, a study for the United Nations Center on Transnational Corporations urged that host countries institute criminal penalties and fines to force companies to minimize health dangers.

"A whole list of factors is not in



Victim of toxic gas that seeped through Bhopal, India, last week.

"Carbide is not very different from any other chemical company in this regard."

Companies often fail to maintain high environmental standards in nations without strict rules or enforcement. In a Union Carbide battery plant in Jakarta, Indonesia, more than half the 750 workers had kidney damage from mercury exposure. In an asbestos-cement factory partly owned by the Manville Corporation 200 miles west of Bhopal, workers in 1981 were routinely covered with asbestos dust, a practice that would never be tolerated here. Mr. Gladwin said India's codes are inadequate and agencies "woefully understaffed."

Some third world nations shun pollution control, afraid it will repel industries that furnish pesticides for desperately needed crops and drugs to control widespread disease. Brazil in 1972 said it wanted polluting industries. A decade later, India asked Ciba-Geigy Pharmaceuticals to ship a drug that treats life-threatening dysentery, a major third world problem, even though it was banned here.

At the root of the technological danger is technological ignorance. Although the hardware is often excellent, the "industrial culture" is mis-

safety instructions and carried the chemical in their turbans. To make matters worse, factories are often built near cities, or cities grow up around them as people flock to the source of jobs and money. The Indian Government moved thousands to land near the Bhopal factory. Last week, when warning sirens sounded, residents actually ran toward the plant thinking it was on fire. There was no means to carry out an effective evacuation. "The whole system doesn't work very well in most developing countries," said Dennis H. Wood of Devres Inc., a Washington consulting firm. In contrast, at a plant in West Virginia that is similar to the Bhopal facility, experts say there are vastly more technical resources available, so the risk is much lower.

If plants must be built in the third world, experts say, they should be designed with the local culture in mind. That might mean fail-safe systems less dependent on human action, computer accident models, emergency drills and inspections by corporate officials. Some experts say companies should subject facilities to siting standards as strict as those for nuclear plants. Many feel Washington must play a stronger role. In 1981, the Reagan Administration canceled an executive order from President Carter to enforce stricter requirements for American companies exporting dangerous substances.

The most effective spur to safety, however, may be corporate liability. Already, a \$15 billion class-action lawsuit has been filed against Union Carbide on behalf of

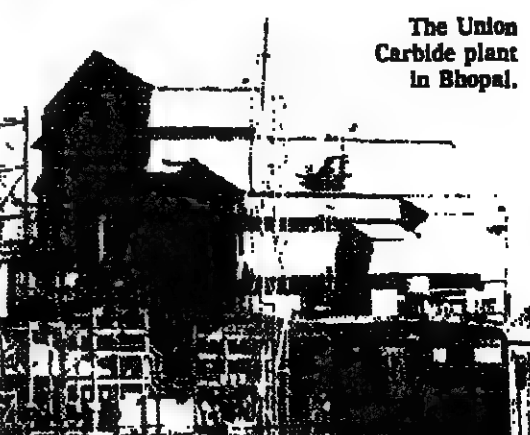
## A Lethal Cloud Falls On an Indian City

IT came on the evening wind that drifted through the shantytowns of Bhopal, India. The lucky ones, alerted by the suffocating odor, escaped. Thousands did not. Some perished in their sleep. Others awoke, dizzy and nauseated, their eyes on fire and their lungs filling with fluid until they could no longer breathe, dying from exposure to a chemical few had heard of in perhaps history's worst industrial accident.

Nearly a week after highly toxic methyl isocyanate leaked from an underground tank at a Union Carbide chemical plant, the death toll had passed 2,000. It was not clear how many of the 50,000 who streamed to local hospitals and makeshift clinics would also succumb. Health experts feared that exposure to the chemical, used to make insecticides, could have longterm effects, especially in the young. As it was, the immediate consequences were overwhelming. Sidewalks were filled with victims, staggering in their blindness and gasping for breath. Trucks unloaded stacks of bodies at graveyards, and crematoriums ran out of wood for funeral pyres. Battered, rotting carcasses of goats and cows and water buffaloes fueled fears of a cholera epidemic.

An inquiry was ordered by the Government of Madhya Pradesh, the state where the central Indian city of 900,000 is located, but it may be months before it is known why the pressure in the storage tank rose and the scrubber-equipped safety system failed, allowing the lethal vapor to escape. One report said the accident occurred while the outside of the tank was being cleaned, and that by the time officials shut the leak 20 minutes later the damage had been done. There were other questions as well. Why weren't any of the workers inside the plant killed when so many outside the gates died? Why did it reportedly take two hours before a warning alarm was sounded?

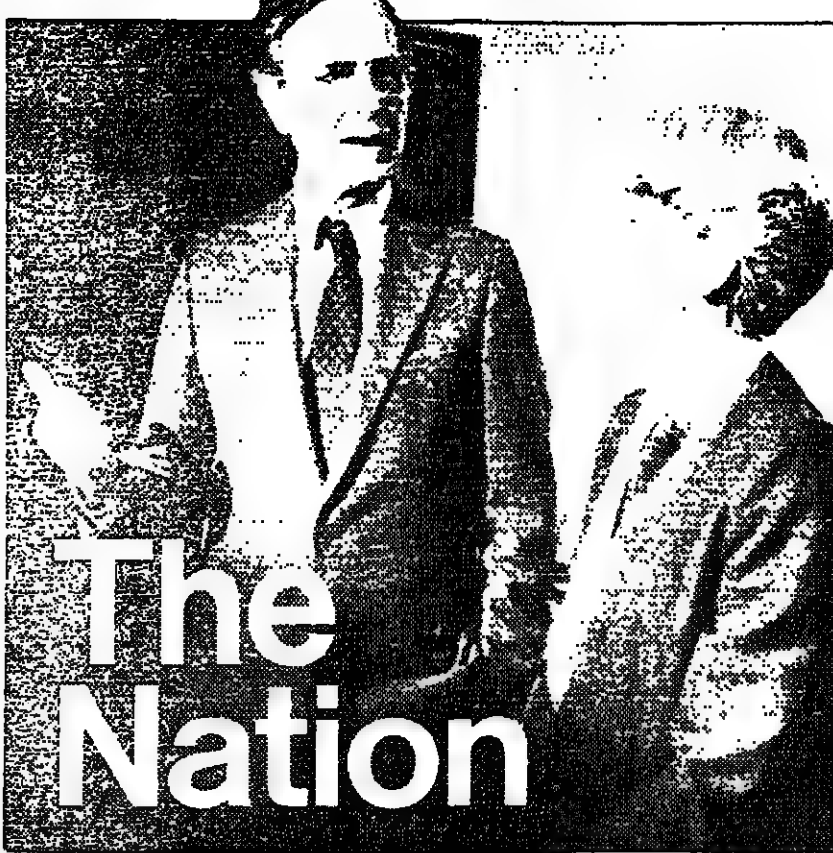
Arriving at Bhopal to lead his company's investigation, Warren M. Anderson, the Union Carbide chairman, was detained, then released on bail. Supervisors at the Indian-run plant, which is jointly owned by the American corporation and Indian investors, were also arrested. Though it was far from clear what courts had jurisdiction and what laws would apply, it seemed certain that the litigation would, like the accident, be without precedent. Union Carbide insisted that it could cover potential claims, but some analysts speculated that the company, the nation's 37th largest, might be forced into bankruptcy.



The Union Carbide plant in Bhopal.

## South Africa: new forces to reckon with





Vice President Bush with his former adversary, Representative Geraldine A. Ferraro, in the Vice President's office last week.

## Ferraro Erred Unintentionally, Panel Decides

In a world where any investigation that doesn't result in a fine or jail sentence is marked as a victory for the investigator, Representative Geraldine A. Ferraro quite reasonably claimed last week that she had been "completely vindicated" by the "key finding" of a House ethics committee inquiry into her financial disclosure practices.

The committee found that this year's Democratic Vice Presidential candidate had violated the Ethics in Government Act in about 10 instances when she failed to report details about her husband's finances, but it recommended no sanctions against her because the violations appeared to be unintentional. The investigation was begun in the heat of the Presidential campaign, after the Washington Legal Foundation, a conservative-oriented law group, complained that the Queens Congresswoman was financially dependent to some extent on her husband, John A. Zaccaro, and thus was in violation of law when she failed to disclose his financial dealings after she took office in 1978.

The ethics act allows exemption from such disclosures only when the Government official involved demonstrates a lack of knowledge of the spouse's finances. The Legal Foundation contended that as an officer of her husband's real estate firm, Mrs. Ferraro had to know something about his dealings.

While the committee found that Mrs. Ferraro had benefited from her husband's business — Mr. Zaccaro paid for the upkeep of their home, among other things — it said her failure to disclose his finances appeared to result from "error, oversight and misinterpretation."

This apparently closed the books on Congressional interest in her family's money matters, but the Justice Department is continuing to review a related complaint, a department spokesman said. Mrs. Ferraro, who will be leaving Congress next month and is thought to be considering a run for the Senate, said she didn't think the inquiries would be politically damaging.

Certainly Vice President George Bush didn't mind being seen in her company. Letting bygones be bygones, he made good on a private campaign promise to invite Mrs. Ferraro to lunch at the Executive Office Building. "I would have preferred to be the host," Mrs. Ferraro said, "but I'll take what I can get."

Her former running mate, meanwhile, was accused of taking a bit too much of what he could get and was ordered to give some of it back. The Federal Election Commission ruled that Walter F. Mondale's Presidential campaign had accepted \$350,000 in excess contributions from labor political action committees. Instead of refunding the money, Mr. Mondale was ordered to pay it to the Treasury, along with \$28,640 in matching funds and a civil fine of \$18,500.

## U.S. Joins Suit To End Busing

In a move that civil rights leaders say could significantly undermine progress toward school desegregation, the Justice Department argued in Federal court last week that de facto segregation of public schools was no sin as long as it wasn't intentional. The department joined the Norfolk, Va., school board in asking the court to abolish that city's 13-year-old busing plan for elementary students.

It was the first time the Reagan Administration has taken such action. The department acknowledged that court approval would result in the creation of 10 schools that are 90 percent black, a situation that has not existed since before the busing plan began in 1971.

Napoleon B. Williams Jr. of the N.A.A.C.P. Legal Defense and Education Fund Inc. called the action "outrageous." He said it would segregate the same schools that were segregated before the busing plan began, putting 40 percent of Norfolk elementary students in schools that were nearly all black. Junior high and high school students would continue to be bused.

The Justice Department said it was joining in the case, now before the United States Court of Appeals

for the Fourth Circuit, because the Norfolk school system had been ruled "unitary," or desegregated, in 1975 and should now be free to return to a neighborhood school system so long as such system was not intentionally segregated. That was essentially what Federal District Court Judge John MacKenzie had said in July when, in the ruling that is now being appealed, he upheld the Norfolk school board's right to abandon the busing plan.

William Bradford Reynolds, the Assistant Attorney General for Civil Rights, said the Administration was motivated "principally by a desire to stem white flight and to increase parental involvement in the school system." He said he hoped the department's action would encourage "many other school districts around the country" to consider similar moves against court-ordered busing plans. This, he said, would "restore to the local authorities full responsibility for running public schools."

Mr. Williams and other civil rights lawyers suggested that the "white flight" argument was specious. He said the Justice Department had deliberately failed to note that a trend toward declining white enrollment in Norfolk had been reversed last year, with a slight increase in the number of white students and a corresponding decrease in the number of blacks.

## G.M. Faces Facts On Diesel Cars

In the 1970's, when the price of gasoline began soaring, many analysts thought diesel-powered cars were certain to capture a sizable portion of the American market. Last week, after years of poor sales and widespread complaints about performance, General Motors said that after the current model year it would offer the diesel option on just one of its many car lines.

In 1981, General Motors sold 350,000 diesel-powered cars. In the first 10 months of this year, the company had taken for a mere 28,200 diesels in its five car divisions. The Chrysler Corporation hasn't been producing a diesel-powered car and Ford offers diesels only in a handful of models.

"The diesel was a high-mileage alternative for people when gasoline was expensive and in short supply," said David Healy, an analyst with Drexel Burnham Lambert Incorporated. "Nobody's worrying about long lines at the pump any more, so people have gone back to buying big gasoline-powered cars." Diesel-powered cars remain highly popular in Europe, where gasoline is far more expensive.

Earlier this year, G.M. agreed to pay \$22.5 million to settle a class-action suit brought by disappointed owners of 1978 through 1980 diesels.

## Airline Delays Cut By Half

The long-suffering airline passengers of the land began getting a few breaks last month, according to the Government's reckoning.

Delays of 15 minutes or more declined to 22,244 in November from 48,898 in October, the Federal Aviation Administration announced last week. The agency's administrator, Donald Engen, said the improvement — a reduction of nearly 55 percent — was due in large measure to steps the airlines took to reduce their peak-hour flights at a half-dozen hub airports.

Under an agreement the airlines reached in September and implemented Nov. 1, flights during the busiest morning and evening travel hours were reduced at Newark and spread out over slower periods at the airports serving Chicago, Atlanta and Denver and at New York's LaGuardia and Kennedy.

The November figure, representing a 16 percent decline from November 1983, was all the more striking after the performance air travelers endured earlier in the year.

During the first 10 months of 1984, reported delays were almost double the number for the same period last year. Mr. Engen said "exceptionally good weather across the nation for most of the month" helped to reduce delays in November, as had greater efficiency on the part of his agency's flight controllers.

Carlisle C. Douglas,  
Michael Wright  
and Caroline Rand Herron

## Manufacturing Employment Is Down, Service Industry Jobs Are Up

# White Men Discover It's a Shrinking Market

By WILLIAM SERRIN

Fred Grubb had worked for 15 years at a Jones & Laughlin steel plant in Pittsburgh until he was laid off in June 1982. Mr. Grubb, who is married and the father of two girls, says he does not know what will happen to him now.

His unemployment benefits, \$190 a week, ran out early last year. His wife works, mostly part-time, filling vending machines at \$3.75 an hour. He receives food stamps plus staples from a union food bank. He does some odd jobs, such as installing electrical outlets for his friends. "It's not only me," he says. "It's thousands of other guys."

Mr. Grubb is correct. Thousands of other Americans, often white men like him, are in his predicament. According to a study released this month by the Federal Bureau of Labor Statistics, 5.1 million experienced workers lost their jobs in the two recessions that struck within the last five years.

The bureau found that 3.1 million of these workers were re-employed when surveyed in January 1984, but of workers back on the job full time, about 45 percent were earning less than before. About 360,000 of the re-employed workers were working part time, the agency said. About 2 million people, like Mr. Grubb, were unemployed and looking for work — or had given up and officially left the labor force.

Of course, the white male worker is by no means an endangered species. By and large, they continue to dominate the professions.

For years, white men have also dominated skilled trades and the construction industry. Today they are encountering increased competition from women and black workers, and says Samuel M. Ehrenhalt, New York regional director of the labor statistics bureau, "When people face competition, they are not always comfortable."

In a monthly report issued last week, the bureau said the jobless rate for white men was 5.4 percent, compared to 5.5 percent for white women, 12.5 percent for black men, 13.7 percent for black women, and 7 percent for the nation as a whole.

Coming in the midst of a slowdown, November's overall figure represented a surprising though welcome drop of three-tenths of a point from October, and for analysts it meant that a recession did not appear imminent.

Although the jobless rate for white men was particularly favorable, this category is gradually becoming a smaller part of the labor force.

In November they made up 49.3 percent of the civilian labor force, the statistics bureau said. That continues a trend that began in 1983, when white men fell to 49.8 percent of the workforce, the first time in the nation's history they did not constitute a majority of American workers.

Most analysts blame the difficulties faced by many white male workers on a number of factors. For one thing, women are taking more jobs. In November, they were 43.3 percent of the labor force and, Government labor experts calculate, they will get the majority of the new jobs over the

next 20 years. Further, much job growth has come in the service sector, which includes finance, insurance, real estate and restaurants. This sector has added two million jobs since November 1982, the end of the last recession; many of these areas traditionally employ women.

"Women are where the action is in the American economy," Mr. Ehrenhalt says. Moreover, much of manufacturing, long a bastion of male employment, continues to decline.

The nation has experienced a strong recovery, adding 6.8 million jobs since November 1982. But factory employment remains 1.2 million jobs below December 1979, the month before the decade's first recession.

This has struck men, particularly white men, hard, Mr. Ehrenhalt says. Today, 64.9 percent of the male population is employed, compared with 70.2 percent at the beginning of the decade, he says.

Marcia Freedman, who is senior research associate at the Conservation of Human Resources program at Columbia University, contends that nothing less than a "feminization" of the workforce is occurring.

She says that from the end of World War II until the 1970's, many new jobs offered relatively high pay and benefits, and many of these jobs were taken by white men of prime working age, 25 to 44.

## 'Women's Work'

In the last decade, she says, many new jobs are "women's jobs," that is, jobs women have traditionally occupied, or jobs that have the characteristics of "women's work" — low pay, limited benefits, often part time or temporary, often demanding little skill and offering little status or advancement.

These jobs often are not regarded by many men or by society as men's jobs, she says, and are often located in suburban areas far from many unemployed men, or do not pay sufficient wages to allow men to support families.

For many white workers the situation is dire. Some have gone into early retirement and are living satisfactorily.

Others have exhausted benefits and, according to Lu Gene Fleron, director of Cornell University's western New York labor program, in Buffalo, are getting by through a variety of means — occasional work for neighbors; going into business for themselves, buying a snowblower, say, and removing snow for a fee, or perhaps opening a bar with a friend "with a last bit of savings."

Many men are working "off the books," says Irwin Marcus, a labor specialist at Indiana University, in Indiana, Pa., meaning that they not reporting their income to the Internal Revenue Service.

John Russo, director of the Labor Studies Pro-

## Out of a job

People who had worked at jobs for three or more years, and lost them between January 1979 and January 1984 because the employer closed or moved, work was slack or their positions were abolished.

All displaced workers	5.1 million
Percent of such workers by age	
20 to 24	6.7%
25 to 34	33.2
35 to 44	23.9
45 to 54	17.7
55 to 64	14.7
65 and over	3.8
Men	65.4%
Women	34.6
White	86.4%
Black	11.8
Hispanic*	5.5
Industry	
Manufacturing	
durable goods	32.8%
other	15.9
Wholesale and retail trade	14.4
Services	9.9
Construction	7.9
Transportation and utilities	6.6
Other	12.4
Region	
East	20.7%
Middle West	32.0
South	30.0
West	17.2
Length of employment	
3 to 4 years	36.2%
5 to 9 years	33.6
10 to 14 years	14.7
15 to 19 years	6.7
20 years or more	8.8
As of January 1984 . . .	
Now employed	60.1%
Still unemployed	25.5
No longer looking	14.4

\*Hispanic refers to people who say they are of Spanish origin or descent.

Source: Bureau of Labor Statistics

gram at Youngstown State University, in Youngstown, Ohio, says many are doing nothing. Retraining is minimal, he says.

"What jobs there are are part-time jobs," he says.

For men like Mr. Grubb, the situation brings immense pain. "I've spent my whole life in the mill," he says. "My father and grandfather were in the mill. I don't know anything else."

## Gephardt Became Chairman of the Democratic Caucus Last Week

# The New Wave Starts To Crest on Capitol Hill

BY STEVEN V. ROBERTS

WASHINGTON — "I grew up watching television," Representative Richard A. Gephardt remarked recently, "I watched Howdy Doody." Last week, the lawmaker from Missouri was chosen as chairman of the House Democratic caucus for the 99th Congress, the No. 4 job in the party leadership.

To many analysts on Capitol Hill, his selection symbolized a generational shift that is starting to change the face of Congress, with the television generation coming to power in the House. "I think it's the beginning of a formal, coming-of-age of the post-1974 generation," said an aide to House Democrats. "This is our place to run," said Representative Thomas J. Downey of Long Island, who is 35 years old.

Significantly, Mr. Gephardt was selected at the same time that the Democrats chose Thomas P. O'Neill Jr. to serve as Speaker for his fifth, and final, two-year term. The Speaker, who learned his politics on the street corners of Cambridge, Mass., and came to Congress 32 years ago, has never been comfortable with television, and does not even allow tape recorders into his daily news briefings. But more than 70 percent of the Congressmen have been elected in the last 10 years. To most of them, television is a tool as familiar as a fork, and that fact helps define the upheaval now rumbling across Capitol Hill.

"The real difference between members today is whether they feel at home with the electronic media or not," said Mr. Downey, who was elected in 1974. "That's a sad comment, but that's the truth."

The power of television also showed itself last week when House Democrats wrestled for two days with a proposal to limit the activities of Republican conservatives, who have been reaching national cable TV audiences with after-hours speeches on the House floor. House leaders dropped the plan when younger Democrats said their party should be answering the Republicans, not abrogating their rights.

These younger legislators also helped defeat a proposal that would have allowed members to serve more than six years on the Budget Committee. The effect was to bar Representative James R. Jones of Oklahoma from remaining as Budget chairman, but many of the lawmakers were mainly concerned about increasing their own chances of winning seats on the powerful panel.

In the Senate, Lawton Chiles of Florida announced that he would challenge Robert C. Byrd of West Virginia for the right to lead the Democrats in the next Congress. One motive behind the challenge was a belief that Senator Byrd, while a master tactician within the Senate, failed to project a dynamic party image to the outside



Representative Richard A. Gephardt

world. Who speaks for the party in the TV studio is now as important as who speaks on the Senate floor, and the Democrats became alarmed after the Republicans chose Senator Bob Dole, a TV performer of professional caliber, as majority leader. One Democratic staff aide expressed the widespread sentiment that Mr. Dole would "eat our lunch" if pitted regularly against Mr. Byrd on the nightly news.

The generation represented by Mr. Gephardt has been shaped by many experiences in addition to television, and one of them was the slumping economic growth and persistent inflation of the 1970's. In the years following World War II, Mr. Gephardt noted, economic expansion fueled the Democrats' drive to expand government and its

role in aiding the poor. Leaders like Mr. O'Neill nurtured those programs and took pride in their success.

But younger members have lost that pride of authorship, while gaining a new sense of economic limits. "We don't reject government as the solver of problems," said Mr. Gephardt, a former St. Louis alderman, "but we are more questioning about (its) size and role. We're more ready to change programs, to make them more effective."

To some traditional liberals, Mr. Gephardt and his cohorts lack the compassion for the poor that marks Mr. O'Neill's generation. "Tip looks at a bill, and his first question is, 'Is it fair?'" said an O'Neill aide. "I think this group asks, 'Will it sell?'"

## Wooling Middle Class

Mr. Gephardt heatedly denies the image of his group as cold and bloodless, but he feels strongly that the Democrats have to show restraint and discipline if they are ever going to recapture the Senate and the White House. Not only has the economy changed, argues Mr. Gephardt, but the electorate has as well.

It's a middle-class country today, he says, and "there's wide agreement that we've got to compete for that middle. If we can't compete, we'll never get 51 percent."

As a member of the Ways and Means Committee, Mr. Gephardt has worked hard on legislation aimed at helping the Democrats with middle-class voters. Today, he is best known as the co-author of the Bradley-Gephardt tax plan, which aims at simplifying taxes and reducing rates for many middle-income families.

The generation that came to Congress after Watergate is marked by another common trait: a belief in immediate participation, and a refusal to sit quietly and wait their turn.

Mr. Gephardt has tried to tap that desire by changing the party rules so that the caucus will meet more often, and party leaders will have to face the members regularly to answer questions and hear complaints. Long before he was formally chosen caucus chairman, he was convening dinner meetings with younger members and following his own precept: "You have to talk to people, you have to include them, you have to make them part of things."

Representative Barbara B. Kennelly of Connecticut, who attended some of the sessions, said of Mr. Gephardt, "His silence is one of his greatest strengths. He's a listener."

What he has heard is that his generation of lawmakers want a more efficient government, a deeper appreciation for the middle-class, and a greater role for themselves in party affairs. In the next Congress, Mr. Gephardt intends to be their voice in the convulsions of the



# The World

الشرق الأوسط

## Trouble Flares on A French Island In the Pacific

Frenchmen who may have thought they had shed the white man's burden more than 20 years ago have been disagreeably reminded in the past few weeks that bits and pieces remain of a once formidable empire. New Caledonia, a small Pacific territory east of Australia, whose principal resource is enormous nickel deposits, has been the site of

increasing violence between whites and Melanesian nationalists, who have set up a provisional government. Last week, just after a veteran politician and administrator, Edgar Pisani, arrived to take charge, white settlers reportedly ambushed and killed 10 Melanesians. The Melanesians had been blocking roads and attacking white farms and police stations until Mr. Pisani calmed them by releasing political prisoners.

He was told by the French Cabinet, meeting in emergency session, to prepare recommendations within two months for New Caledonia's self-

determination. The territory has never favored independence in 130 years as a French colony. The outcome of the proposed referendum will largely depend on who is allowed to vote. There are roughly equal numbers of Melanesians and Europeans in a population of some 145,000 (and also large numbers of Polynesians, Indonesians and Vietnamese). Local nationalists want to exclude French civil servants and military personnel and anyone without at least one parent born in the territory. One idea broached in the National Assembly in Paris last week is to have Melanesians and non-Melanesians vote separately and partition the territory into federated states.

## Food for Africa's Famine Pipeline

The United States and Western Europe pledged nearly two million tons of food for Africa last week, but relief workers at the other end of the pipeline feared that for thousands of hungry children, it may arrive too late. In Ethiopia, where 6.4 million

people are "in serious distress," UNICEF officials said three-quarters of the 300,000 people who have died since March were younger than 4 years old. In Korem, a center for 40,000 famine refugees, the daily death rate dropped from 50 to 30 a day, but at Bati, a camp for 25,000, more than 120 people were said to be dying daily. Ethiopian authorities said 1.2 million tons of food will be needed during the next 12 months.

The United States aid administrator, M. Peter McPherson, said that Ethiopia had made a commitment "to get food to people in need, without regard to any other condition." But the Tigre People's Liberation Front, an insurgency in northern Ethiopia, accused the Government of keeping food relief out of rebel-held areas. The insurgents also said Ethiopian fighter planes had killed 18 people as they tried to leave Government resettlement centers in hopes of reaching Sudan.

In the parched Sahel region south of the Sahara, Western officials said Burkina Faso, formerly known as Upper Volta, will need 200,000 tons of food aid and neighboring Mali, 400,000 tons.

President Reagan last week directed the release of 300,000 tons of surplus wheat worth about \$50 million and the purchase of \$50 million of additional food for Ethiopia and other famine areas such as Mozambique, Kenya, Sudan, Chad, Niger and Mali. Warehouses will be filled in Kenya and Niger so that emergency food can reach places in need more promptly. In addition last week, European Common Market leaders agreed to send 1.2 million tons of food relief to Africa next year.

## Marcos Fights Illness Rumors

President Ferdinand E. Marcos of the Philippines bared his chest to his Cabinet and to a television audience yesterday to scotch rumors he was seriously ill and had undergone heart surgery. The rumors, which had contributed to the uncertainty surrounding Mr. Marcos's much-contested leadership, had been strengthened a few days earlier by a member of his cabinet, Blas Ople, the Labor Minis-

ter. Mr. Ople said Mr. Marcos was "in control but cannot take major initiatives at this time." Mr. Ople added that Mr. Marcos's health problems began a year ago and that as a result, the country was going through "a kind of interregnum." The 67-year-old President went into seclusion from Nov. 14 to Nov. 26 and the official explanation was that he had had the flu. There have been persistent reports that he is suffering from a degenerative kidney ailment.

An important reason for the unusual television performance was the need to convince foreign creditors that the country was stable and deserved new financial aid as well as a restructuring of part of its foreign debt of \$25 billion. There is concern abroad, notably in the United States, that Mr. Marcos's sudden departure might create a void that would benefit a growing Communist insurgency. The self-styled New People's Army, estimated at 10,000 to 12,500 men, is believed to be operating in all 73 provinces.

Henry Gintler and Milt Freudenberg

## Unions' Role Debated as Bishops Denounce Police Violence

## South Africa Gets a Hint of Black Power

By ALAN COWELL

JOHANNESBURG — For months now, South Africa's white leaders have been buffeted by protest. Last week, they got it both at home and abroad — in the country's troubled black townships and in the United States, where demonstrations erupted at a string of South African offices.

South Africa, long used to, but never quite understanding, the opprobrium of outsiders, has sought to minimize the importance or depth of American opposition to the policies of racial separation called apartheid. But inside the country, the conjuring trick is not so easy. Since Sept. 3, when protests erupted in Sharpeville over rent increases, black townships have been gripped with unrest that has killed at least 33 people. A report last week by the country's Roman Catholic bishops accused the police of indiscriminate killing and beating black

people in their efforts to stem the tide of violence. In the townships of the industrial heartland around Johannesburg, said Archbishop Denis Hurley of Durban, "a kind of state of war is developing between the police and the people." The Roman Catholic church in South Africa speaks for many blacks. Of its membership of more than 2.5 million, 1.6 million are black. A police spokesman asserted the bishops' report contained untruths and ignored damage to property and "brutal murder of innocent people by callous and lawless rioters."

Perhaps the most significant development in the months of troubles has been the transformation of the country's black trade unions into what could become the cutting edge of black discontent. Union power was displayed most graphically in early November when up to 800,000 workers around Johannesburg stayed away from work for two days in what became the biggest and best-organized show of black labor activism ever seen here. Unlike other protests, the stoppages had direct effects on whites: filling stations ran out of gas, factories came to a

near halt, white managers had to man supermarket checkouts, maids did not turn up for work.

The Government's alarm at the boycott was expressed in a familiar manner. In the days that followed, police rounded up prominent union leaders and detained them under catch-all security laws, seeking to intimidate union members. White business leaders, however, reacted differently, calling the Government's handling of the crisis "heavy-handed," as if they had been given pause by the efficacy of the union action. The business leaders' public statements led to what one participant called an acrimonious showdown with President Pieter W. Botha, who reportedly berated them for a lack of patriotism.

Several weeks later, many are still pondering the possible consequences. A study issued last week by a Johannesburg firm of consultants, Andrew Levy and Associates, forecast that the unions would become "a major vehicle for black political aspirations." Next year, the study predicted, labor unrest will grow.

Since black unions were given legal bargaining rights in 1979, their numbers have grown rapidly. The two most prominent federations grouping predominantly black unions claim a following of 210,000. It was their support of the November stay-away, labor specialists say, that gave it such impact. Overall, the number of unionized black workers is estimated at between 450,000 and 500,000.

Previously, the two federations tended to shy from political activism, concentrating on consolidating their ranks and pursuing economic goals. The change seems to have been provoked by an accumulation of discontents in a nation that offers a black majority of 20 million people no say in how their lives or their country are run. Since the establishment of a new Constitution that formalized the exclusion of blacks in September, the majority's sense of alienation from the Government has been growing. The economy, moreover, is in a slide, with unemployment mounting. "This was action against certain Government policies rather than against employers," a union leader said.

In addition, some unionists argued, if the federations had not supported the stay-away, they might well have encouraged a rift between their members and their children — the youthful activists who have been at the forefront of some of the unrest in the townships. As things now stand, the Levy analysis said, employers could in future be faced with losses caused by political grievances rather than shop-floor issues, so white resentment at black activism will grow.

The black unions' power, however, is limited. Theoretically, a total withdrawal of black labor would bring South Africa to a sudden and disastrous halt. But the unions have no strike funds and so cannot sustain prolonged action. Moreover, strikers may be summarily dis-



Worker at an auto plant in Port Elizabeth, South Africa.

Contact: Alan Reininger

## Does Quiet Talk Help?

PROTESTS against apartheid and the Reagan Administration's policy of "constructive engagement" in South Africa reached the White House last week in the person of Bishop Desmond M. Tutu, the black South African bishop who recently won the Nobel Peace Prize. For the past three weeks, there have been demonstrations against South African offices in several American cities but the Administration appeared particularly sensitive to Bishop Tutu's testimony before a congressional committee in which he called the effort at quiet diplomacy "immoral, evil and totally un-Christian."

At the bishop's meeting with Mr. Reagan three days later, they agreed that apartheid was repugnant but parted company on policy. Mr. Tutu told Mr. Reagan that constructive engagement had worsened things for blacks. But while agreeing to consider some suggestions, the President told reporters later that "we are going to continue with that policy."

In support of his assertion that the policy was effective, Mr. Reagan announced that 11 black political prisoners had been released from South African jails and gave credit to behind-the-scenes pressure by American diplomats.

But in and out of Congress, the



Demonstrators outside the South African Consulate in New York last week.

The New York Times/Charles H. Johnson Jr.

pressures on the Administration to change to a more aggressive stance were building up. The new chairman of the Senate Foreign Relations Committee, Richard G. Lugar of Indiana, appeared to speak for a number of Congressional Republicans in saying that the Administration "needs to do more."

In Washington, New York, Boston, Chicago and other cities, politicians, labor leaders, civil rights activists and students provoked arrest by crossing police lines to protest at South African diplomatic offices and companies with South African busi-

ness connections. By week's end, 11 Congressmen had been arrested at the South African Embassy. Before he was hauled off at a Washington demonstration, 17-year-old Douglas Barriman Kennedy quoted from his father, the late Robert F. Kennedy: "Each time a man stands up for an ideal...he sends forth a tiny ripple of hope."

The protests were likely to expand to more cities and more companies doing business with South Africa. Several black leaders announced the formation of a steering committee to guide the nonviolent movement.

## Palestinian Divisions Worsen, Hussein and Mubarak Get Closer Together

## Arabs Read the Cards, Find U.S. Holds Strong Hand

By JUDITH MILLER

CAIRO — Arab leaders continued to stress the theme of unity last week but they have begun to adjust their goals and tactics to the world as it is rather than as they would like it to be.

Saudi Arabia and the five Gulf states that make up the Gulf Cooperation Council, for example, announced after their leaders met in late November that they had made significant progress toward unity by increasing their economic, political and military cooperation. Last week in Cairo, Jordan's King Hussein and Egyptian President Hosni Mubarak announced their common dedication to a solution to the Arab-Israeli conflict based on the principles of "land for peace" and self-determination for the Palestinians. They too stressed their devotion to Arab unity.

But the fact is that those who seek unity have had to take account of more rather than fewer divisions. A likely result is that for the second consecutive year, there will be no Arab League summit. There is also concern that intra-Arab feuds will increase in bitterness along with the frequency of terrorist attacks.

The Palestine Liberation Organization, as a result of its national council meeting in Amman last month, has officially split. There are those who, with the support of Jordan and Egypt, attended the meeting as loyal follow-

tion 242. This calls upon Israel to return land for peace but does not mention the P.L.O.

Unable to get Palestinian backing, the King flew to Cairo where President Mubarak endorsed his basic approach, much to the anger of the Syrians who fiercely oppose an Egyptian-Jordanian alignment that could leave them isolated. King Hussein seeks an international peace conference to be attended by the P.L.O. and the Soviet Union. But Egyptian Foreign Minister Esmat Abdel Meguid made clear last week that Cairo viewed such a conference as only one of several possible ways of solving the Arab-Israeli conflict.

Egypt's backing for the King, some suggested, was more a way of establishing common ground with Jordan than a strategy for pursuing peace. The Egyptians appear to be fully aware of United States and Israeli objections to the presence at the negotiating table of either the P.L.O. or the Soviet Union.

There is also no end in sight to the Iran-Iraq war, now in its fifth year. Although the war is not likely for the moment to trigger a much broader confrontation, neither is there much chance of reconstruction in Iran or Iraq that could benefit the economies of Egypt and the Gulf. Indeed, the lack of resources is another complicating factor. The oil boom is over for the moment and the Arab producers have begun to scale down the sometimes grandiose visions of what they could accomplish for themselves and for their region.

The political reappraisal was most evident last week



Egyptian President Mubarak (right) and Jordanian King Hussein in a motorcade in Cairo last week.

Associated Press

us and other residents attributed the change to their Government's reluctant conclusion that despite its desire to pursue an independent, nonaligned foreign policy, Kuwait must look to the United States and other Western

among the states have even hampered military cooperation, according to regional officials. The council's new rapid deployment force, created late last month to defend member states against external aggression, has a limited and temporary mandate. There is still disagreement

missed and sent back to tribal homelands where there is little prospect of finding work. As a one-day legal strike by goldminers in September displayed, even those employers who profess what passes for liberalism in South Africa show little hesitation in calling in riot police to break worker resistance. The Roman Catholic bishops' report chronicled lurid scenes of armed police beating workers in their sleep and attacking them with dogs and rubber bullets as well as with live ammunition.

After the November unrest, only 6,000 workers — those employed by the state-owned Sasol synthetic oil plant — were dismissed and sent to homelands. Other employers seemed more cautious, possibly impressed by the rare display of solidarity and more inclined to seek sound labor relations than risk another mass stoppage. "Failure to leave the right blend of firmness with tact and sensitivity," the Levy report said, "will only accelerate what are already disturbing signs."



## Battle Over Mediterranean Subsidies Sidetracked Political Debate at Summit Meeting in Dublin Last Week

# Common Market Still Can't Get Its Mind Off the Grocery List

By JOHN VINOCUR

DUBLIN — At 12:50 P.M. on Tuesday, deep in the gloomy halls of Dublin Castle, the presidents and prime ministers of the European Common Market countries were discussing IMP's — in Eurospeak, the community jargon, the acronym for agricultural subsidies known as Integrated Mediterranean Programs. It was the 30th summit meeting of the organization, the repository of Western Europe's hopes for its political and economic future. Ten minutes before the scheduled end of two days of discussion, it had come to this: nine men and a woman, representing a community carrying much of the world's history and distinction, bargaining about price supports for items such as olive oil and sponges.

Because the leaders had gathered with the intention of talking about their future — how Europe could take a qualitative leap over its sectarian reflexes to become an integrated political force — the IMP debate was more than a little sad.

No one could have deliberately sought to turn the meeting into another quarrel of the kind de Gaulle contemptuously described as a grocer's dispute. But the talk for most of the two days was essentially of wine lakes and compulsory distillation and of who gets how much compensation for letting Spain and Portugal join the community in 1986.

### Blaming Papandreou

At one point, when the discussion seemed to smooth out and a solution appeared in hand for permitting Spain and Portugal's entry, a German delegation spokesman spoke of "a triumph." The phrase was a measure of the community's distress, because the principle of bringing the two Iberian countries into the Common Market had been uncontested, indeed a matter of faith, among the membership for the last 10 years.

In reality, by the end of the week, the whole matter was surrounded in skepticism after Greek warnings of a possible veto, and the candidates' clear lack of enthusiasm for some of the conditions attached to their entry.

Some delegates placed the blame for the difficulties on Prime Minister Andreas Papandreou of Greece, who was fighting to keep his share of IMP benefits. But Mr. Papandreou's resistance was very much a repetition of the institutionalized stonewalling that seems to dominate the Common Market in both far years and lean.

After Prime Minister Margaret Thatcher's filibusters on British contributions to the organization, the method has become as much standard practice as the hours the leaders spend mulling over minutiae.

The Dublin meeting was to have devoted much of its time to a report by a special committee set up by the leaders when they met at Fontainebleau, outside Paris, in June. The report dealt with ways for the Common Market to strengthen itself institutionally and to start making rapid, unified decisions that would increase its effectiveness for its citizens and strengthen Western Europe's role in the world.

The meeting in Dublin was meant to signal an end to years of impasse involving the community's budget and future financing, and to show the determination of the 10 members to reorganize themselves into what the special committee's report called a "true political entity."

The report was issued but it was shuffled aside in the trading off of orange and lemon, Riesling and Chianti. Even so, the report exposed the community's divisions as much as the debate over IMP's did. It was a compendium of asterisks, brackets and footnotes, with more than 30 critical reservations in 23 pages of text. Three of the 10 members, Britain, Denmark and Greece, expressed serious reservations about the committee's insistence on moving toward greater integration. Ireland, a neutral, underscored its nervousness about the defense aspects of the plan, a central element for countries that contend that without a joint security policy, a European political entity would be meaningless.

### A Plan for Majority Rule

The Danish member of the committee placed an asterisk on the title of the report, pleading discomfort with the notion that Europe should seek to become "a true political entity." The Greek representative, in a footnote,

questioned whether advantages would really derive from further economic integration.

Where there were no reservations, the report frequently offered imprecision. Concerning defense, one paragraph was laden with a series of clauses modifying the central idea of integrated security policy so as to say, in effect, that every member is a special case, with the possibility of adopting its own special attitude.

In clearer terms, the report did recommend an overhaul of the community's decision-making processes. It proposed that majority voting replace the current system, which gives all members veto power through a so-called "national interest" clause and thus the ability to effectively paralyze the organization.



French farmers in Avignon demonstrating last month against letting Spain and Portugal join the European Common Market.

## More to Naming Nitze Than Meets the Eye

# Shultz Scores a Backstage Victory

By BERNARD GWERTZMAN

WASHINGTON — To people who were not paying close attention, the announcement last week by Larry Speakes, the White House spokesman, may have seemed a bit odd. He quoted President Reagan as saying that, "at the recommendation of the Secretary of State, I have today asked Ambassador Paul Nitze to serve as adviser to the Secretary for the Geneva talks."

Presidents usually do not appoint "advisers" to Secretaries of State; appointments at this level rarely rate a formal announcement, even by the State Department. What's more, Mr. Nitze, the 77-year-old veteran arms-control negotiator, was already serving as an adviser to Secretary of State George P. Shultz.

But the announcement's meaning was not lost on experienced Washington observers on Embassy Row, in the press corps, or at the White House, State Department and Pentagon. Almost unanimously, they saw it as yet another undramatic, albeit important, victory for Mr. Shultz in the behind-the-scenes struggle over the proposals that he will be authorized to present to Andrei A. Gromyko, the Soviet Foreign Minister, in Geneva on Jan. 7 and 8.

Mr. Nitze, who earned his credentials in the 1940's and 1950's as a hard-liner supreme in Washington, has been the Administration's chief negotiator since 1981 on

limiting medium-range nuclear missiles in Europe. As such, he met secretly with his Soviet counterpart, Yuri A. Kvitinsky, in July 1982 and, during a now-celebrated "walk in the woods," proposed a compromise plan for breaking the deadlock on these missiles. Mr. Nitze offered the plan without checking with Washington. In the end, it met with disfavor both here and in Moscow. As a result, Mr. Nitze, who now favors "a live and let live" policy toward the Russians, is widely regarded as the most flexible of the Administration's arms-control officials. In fact, he may be no more creative or flexible than Kenneth L. Adelman, who as director of the Arms Control and Disarmament Agency is nominally in charge. And he is less intent on achieving arms-control accords than several others at the State Department. But Mr. Shultz is said to find that among the senior specialists, Mr. Nitze's views are most attuned to his own.

By persuading the President to name Mr. Nitze as, in effect, chief of staff for arms control, Mr. Shultz was able to secure for Mr. Nitze (and himself) an early advantage if Mr. Gromyko agrees to the American proposal for an "umbrella" format for future talks on the full range of arms-control issues. If so, Mr. Nitze will almost certainly be the chief arms-control official, reporting directly to Mr. Shultz and Mr. Reagan. Perhaps more important, the White House announcement linked the President personally to the decision. Mr. Shultz was strongly supported in this by Robert C. McFarlane, the White House national

security adviser, who shares Mr. Shultz's desire to move forcefully to try to break the arms impasse.

The Nitze announcement was the latest of several intramural battles Mr. Shultz has won by similar tactics since taking office in 1982. His precepts evidently include: Say as little as possible in public about your intentions; spend considerable time alone with Mr. Reagan to win him over; and, finally, be sure that the President, and not yourself, takes public responsibility for any decisions.

This is what Mr. Shultz did in 1982 when he persuaded Mr. Reagan to reverse his policy of sanctions against allies who were allowing businesses to provide components for the Soviet natural-gas pipeline to Europe. He repeated the approach in persuading Mr. Reagan last winter to call a halt to his "evil empire" attacks on the Soviet Union and to move toward a better relationship, which was followed by the Soviet agreement on the Gromyko-Shultz meeting.

In this Administration, where Defense Secretary Caspar W. Weinberger and Mr. Shultz rarely agree on foreign policy, the Secretary of State has evidently concluded that to stake out a position in public would only invite Mr. Weinberger, who is also close to Mr. Reagan, to



Paul H. Nitze

shoot it down in private. Disagreements between State and Defense produced discord in the arms-control effort. Until recently, Mr. Shultz did not take an active role, leaving it to the Assistant Secretary of State for European affairs, Richard R. Burt, to argue the issues with Mr. Weinberger's Assistant Secretary, Richard N. Perle. This "war of the wickets" as it became known in Washington, resulted in a standoff, with the President not coming down solidly on either side. The Soviet decision to suspend the talks on nuclear arms in November 1983 gave the Administration a year to try to come up with a new policy and Mr. Shultz as Mr. MacFarlane used it to persuade Mr. Reagan to take a more forthright approach to arms control.

The President's apparent "conversion" was widely scoffed at during the election campaign by Democrats, who argued that it was an insincere effort to win votes even as Mr. Reagan was proceeding with his program in so-called Star Wars research. But the White House last week seemed determined to give the impression that Mr. Reagan was indeed deeply involved in arms-control preparations. Not only was the Nitze appointment made in his name. Officials also said he was taking the lead in urging aides to convey to the Russians his desire for a stable arms relationship that would involve a tradeoff of defensive and offensive weapons systems.

## Centrists Hope Last Week's Victory Attracts Foreign Investors to Relieve Unemployment

# Grenadians Get New Leaders And a Pipeline to U.S. Aid

By JOSEPH B. TREASTER

ST. GEORGE'S, Grenada — Crowds of young people skipped through the streets of the capital long after midnight, tooting car horns and cheering. At the seaside inn that houses the United States Embassy, American officials smiled broadly. Thirteen months after President Reagan sent troops that brought down the island's teetering Government, democracy returned last week.

Many islanders expressed hope that Grenada's first election in eight years would bring stability after the decade of political discord and economic deprivation since independence from Britain in 1974. Henceforth, it seemed, Grenada would be closely aligned with the United States. Washington has earmarked more than \$50 million in economic aid for the island.

A centrist coalition led by Herbert A. Blaize, a soft-spoken 68-year-old lawyer and former civil servant, won 14 of the 15 seats in Parliament. Leftists trying to trade on the memory of the revolutionary leader slain by party rivals last year, Maurice Bishop, received only about 5 percent of the vote. The minority seat went to the right-of-center party led by Sir Eric Gairy, the former prime minister whose fiscal and human rights abuses are said to have brought on Mr. Bishop's leftist coup in 1979.

Mr. Blaize was the Reagan Administration's favorite from the outset. American diplomats hinted during the campaign that if Sir Eric's party won, the United States "would have to rethink our (aid) commitment." Mr. Blaize is likely to affect a degree of independence, but he will need no special instructions. If anything, he may want more help than Washington is prepared to give. His first official act after being sworn in was to write to President Reagan asking that United States military po-

lice and support units remain until his police force, which is being trained by American and British instructors, feels able to handle security. Partly because the security problems are now viewed as minimal, and partly to avoid accusations of neocolonialism, Washington wants to withdraw its troops soon. American diplomats say their part in the police training should be finished in April and that the military could then begin to leave.

With encouragement from the Reagan Administration, more than 70 investors, mainly American, have expressed interest in starting projects that range from mango-canning plants to luxury hotels, neither of which the island now has. Economic prospects are likely to depend largely on Mr. Blaize's success in closing deals with these investors and attracting others. His people hope that investments and new projects will moderate two important sources of discontent — 30 percent unemployment and the heavy tax burden on the middle class. The island's steep taxes are seen as impediments to development; for example, a small Japanese car costs twice as much here as in nearby St. Vincent. The United States is also encouraging Mr. Blaize to create a central office to guide investors through the red tape and vagaries of newly independent countries, as Jamaica, St. Lucia and other neighboring islands have successfully done.

### Murder Trial Postponed

The Americans say Grenada could also benefit by assigning officials to follow up on investment leads and by making tax incentives and services competitive with those of other Caribbean islands. The big jet airport that was started by Cuba and is being finished by the United States opened six weeks ago. Washington has also announced \$8 million of aid to improve daily life and, not incidentally, to make the island more attractive to investors.

tors. Badly potholed roads will be repaired and electric and water utilities improved. To fix the antiquated telephone system would cost millions of dollars more.

Perhaps the most emotion-charged event facing Mr. Blaize is the murder trial of the 19 people accused of murdering Mr. Bishop. The trial has been repeatedly delayed, mainly at the request of the defendants, and is now expected to begin in January or February.

Meanwhile, Mr. Blaize's supporters are looking for a suitable Prime Minister's residence because the houses

used by his predecessors have been abandoned or taken over by others. Mr. Blaize has been receiving diplomats and meeting with candidates for ministerial posts in the modest downtown guest house where he has stayed for years when not in his home district, the small island of Carriacou, 15 miles to the northeast. He takes his meals with the other guests at a family-style table. His favorite armchair is next to the lone telephone, which he often answers himself. The Prime Minister does not seem perturbed when the call is for another guest.



Grenadian Prime Minister Herbert A. Blaize



# Setting Crude Prices in the Pits

Oil futures trading has grown so fast that the arena for pricing has switched to New York.

By STUART DIAMOND

EVERY day several hundred people scream at each other on a paper-strewn floor in lower Manhattan. They are buying and selling oil contracts with the same fervor that other traders devote to speculation in grain, gold, or pork bellies. And in so doing, they are shoving the oil sheikhs increasingly out of the international oil spotlight.

The 112-year-old New York Mercantile Exchange is suddenly emerging as a primary force in the pricing of the millions of barrels of oil that change hands daily around the world. OPEC continues to set its basic official prices, of course—but it has had increasing trouble making them stick. Instead, the "Merc" has become the bazaar at which the actual prices of the moment come into play.

That pricing role had been played by the spot market, in which traders and brokers buy and sell shiploads of oil in hundreds of private daily dealings. In contrast to the veil of secrecy surrounding these deals, the Merc's prices are open for all to see. They appear almost instantly on subscribers' computer terminals around the world, and further details are readily available. Many companies and brokers now use the figures as a reference point for their individual negotiations on the spot market.

When customers see oil contracts going for \$27.65 a barrel, they are unlikely to pay oil producers more than that, no matter what the official price. Thus, many oil traders say, the Merc's energy futures market, virtually nonexistent before 1978, already has resulted in increased competition among oil producers, and in a lowering of actual oil prices.

In fact, oil producers have begun to take an if-you-can't-lick-'em-join-'em attitude. Over the past few months, oil sources said, Kuwait has been buying and selling oil futures contracts on the Merc. And last month, the British National Oil Corporation began to participate in the daily fray.

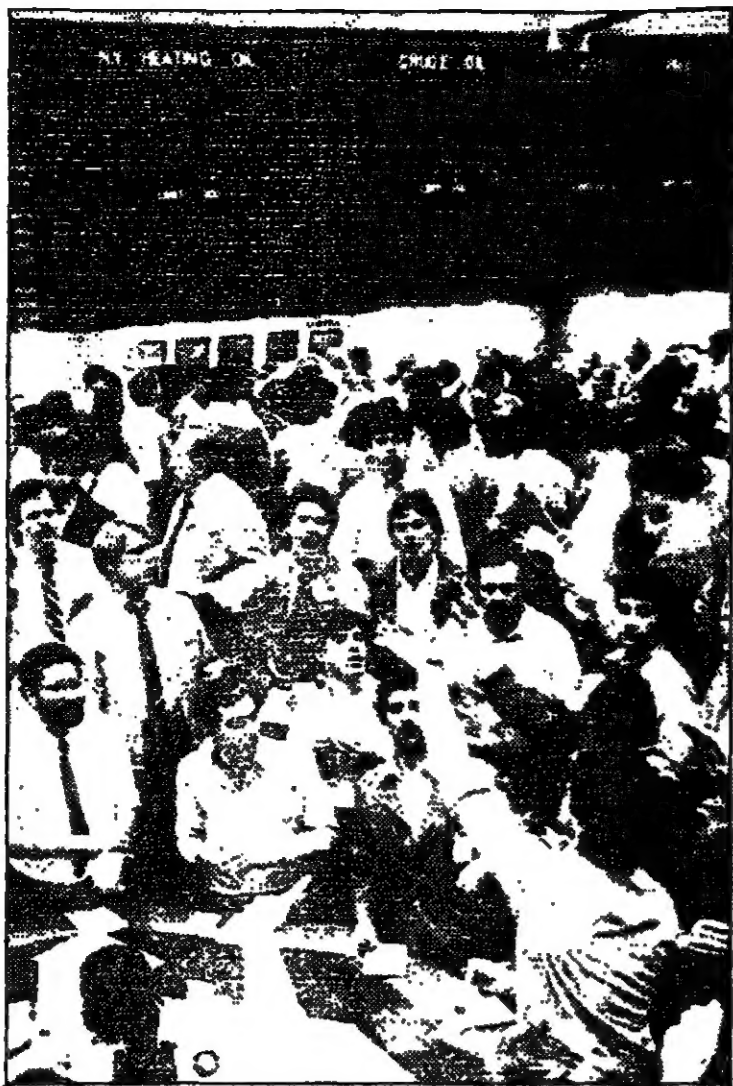
Because the Merc is in New York, a major port for oil shipments, its popularity among oil traders and speculators far exceeds that of Chicago or other centers for the relatively new and thriving activity of trading oil futures contracts.

The Merc "has turned the oil market into a competitive market," said Arnold E. Safer, an economist and president of the Energy Futures Group, a Bethesda, Md., oil consultant. "The market has become what the futures price is."

The Merc's influence on oil prices was dramatically demonstrated last month. On Oct. 31, in an attempt to firm sagging oil prices, members of the Organization of Petroleum Exporting Countries set a lower ceiling on the amount of oil each could produce. Merc oil traders did not believe the OPEC quotas would stick, and did not bid up prices on contracts for future delivery of oil.

All during November, despite continual predictions by OPEC officials that prices would rise, the cost of oil futures on the Merc actually fell. The spot market followed. By Dec. 1, spot and futures prices for many oil grades were 5 percent lower—a drop of about \$1.40—than at the time of the OPEC announcement.

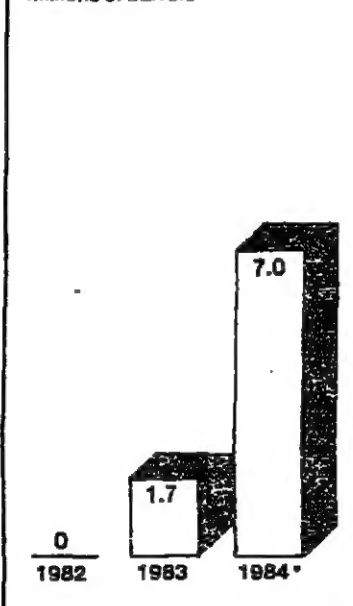
"The Merc has become the new benchmark for oil," said Gary M.



## A New Auction Block for Oil

### Futures Trading Claims

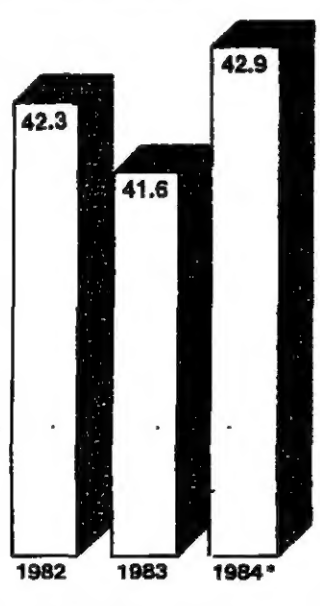
Crude oil traded daily through futures contracts on the New York Mercantile Exchange, in millions of barrels



\*Estimates: International Energy Agency, New York Mercantile Exchange  
Source: International Energy Agency

### A Chunk of the Market

Average daily crude oil production in the non-Communist world, in millions of barrels



Oil futures trading on the New York Mercantile Exchange

Becker, director of the Paine Webber Energy Futures Group in Houston. "A visible and centralized pricing mechanism has been put in living rooms and offices around the world."

With the initiation last Monday of futures contracts for unleaded gasoline, the Merc now encompasses all major petroleum fuels: crude oil, heating oil, leaded and unleaded gasoline. Next year, the exchange hopes to begin trading natural gas.

This year an average 7 million barrels of crude oil traded each day on the Merc. But on a heavy day the Merc trades as much as 20 million barrels, which is 25 percent more

crude oil than OPEC's current production ceiling. The Merc's volume has risen from 116 contracts, each for 1,000 barrels of fuel, in 1978 to a projected 4.6 million contracts this year.

"The decline in OPEC's power coincides with the rise of the Merc," declared Michael D. Marks, a trader and the chairman of the exchange. "People know that the price is being determined by many people instead of 13 oil ministers sitting around a table, cloaked in secrecy."

In an unusual press release last April, the Organization of Arab Petroleum Exporting Countries, largely the Persian Gulf producers, acknowl-

edged the influence of the New York energy futures market. But it contended that "the current expansion of the futures market is a result of OPEC's market power decline and not the cause of it."

Recently, however, the downward pressure on OPEC's official prices—currently based on \$29 a barrel for Saudi light crude—has been intensified by the daily publication of futures prices that were consistently lower than the OPEC quotes, oil experts said. "Anybody who buys at official prices now is nuts," said a top oil company official. "Not many people are paying list price anymore."

The reasons behind the Merc's rise to prominence are steeped in the recent history of the oil market. Over the last few years an oversupply of oil has been available, in part because many countries were spurred by the high OPEC prices of the 1970's to develop their own petroleum resources. When demand started flagging in 1980, buyers found that they could buy oil cheaper than the official prices.

This gave rise to the spot market, where oil was traded for immediate delivery, often on a cargo-by-cargo basis. A few years ago, less than 10 percent of all oil was traded on the spot market. The estimates are now as high as 50 percent.

OPEC's efforts to restrain supply have done little to stabilize the volatile prices. And trading companies that buy oil and try to place it at a profit have further unbalanced the international oil scene.

It was inevitable that the oil dealers and trading companies would try to counteract the uncertainty by looking in prices on the futures market. Speculators, meanwhile, were attracted for the opposite reason: The constant price fluctuations meant that, if they guessed right on swings in future prices, they could make huge amounts of money. And, since the spot market dealings remained private, except for delayed reporting of some prices, the futures market

# The Economy

was the only major outlet that most oil speculators had available.

By this year, the futures market had become a barometer of what traders thought oil prices would be in coming months. "The timing could not have been better," said Lawrence J. Goldstein, executive vice president of the Petroleum Industry Research Foundation. "The futures market tells you the collective judgment of the industry about today's price relative to tomorrow's price."

The explosion of futures trading is not without its critics, though. Many oil experts point out that the relationship between prices on the futures market and the actual movement of oil can be tenuous. In fact, some contend that the Merc, rather than accurately reflecting the oil situation, creates even more instability.

Each contract represents oil that has either already been produced or will be in the future. Thus, traders in oil futures—like traders in any commodity future—can take delivery of the oil. But in actuality, the oil traded on the futures market rarely changes hands.

About half the daily volume is by "locals." These are speculators who have no intention of taking delivery of the oil represented by the contracts they trade, but bet on the daily price fluctuations of "paper barrels." Most anyone can trade through a broker, or rent a seat on the Merc for a current rate of \$700 a month.

Thus, the locals are as apt to be doctors, dentists, lawyers, even professional football players, as they are to be actual players in the oil industry. Because they need to make only a small down payment—about 5 percent of the actual value of the oil—

these speculators can trade tens of thousands of barrels of oil in a single day, making large profits on very small differences in price.

For now, most of the major companies trade only limited quantities of oil, since very large transactions could run afoul of the exchange's bar on excessive market positions. That may change, however. Various oil traders now expect the Merc's total volume to more than triple in the next few years. About 85 percent of its contracts are now energy, with most of the rest comprising platinum and palladium. Overall volume has risen nearly sixfold since 1978, when it made a major transition away from potatoes and other produce that had been its dominant commodities.

The Merc is now the fourth-largest of 11 commodities exchanges, compared with eighth out of ten in 1979. Mr. Marks predicts that by 1990 the Merc will overtake the New York Commodities Exchange, which trades gold, silver, copper and aluminum, but not energy futures.

Whether the Merc's transactions will continue to rule world oil prices remains to be seen. Right now there is a glut of oil, and a lot of competition among suppliers. But some analysts predict that oil will again be in short supply by the 1990's. Since OPEC still controls the most oil, a shortage could again put pricing firmly in its hands.

But OPEC's own members must adhere to production quotas and firm prices if OPEC is to effectively wield price-setting power. Until that happens, said Philip K. Verleger Jr., a Washington economic consultant, the futures market will continue to be "the messenger of the failure of OPEC to put its house in order."

## Prospects

### Regan as Scrooge

Regardless of whether the tax reforms proposed by Treasury Secretary Donald T. Regan make him the Scrooge of Christmases to come, many economists and merchants say he deserves the moniker this year. They believe that many middle-income consumers, faced with the prospect of higher taxes and lower deductions, are likely to cut their spending—an unpleasant prospect for retailers hoping for a holiday buying binge.

"The tax reform proposals couldn't have been delivered at a worse time, two weeks before the holiday shopping season starts," said Edward E. Yardeni, chief economist at Prudential-Bache Securities. "Even before the tax proposals were announced, consumers were saving more and spending less." Now, he said, that trend is likely to be accelerated as uncertainty abounds.

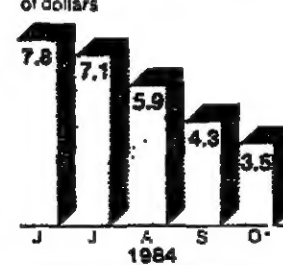
For example, he said, third-quarter savings were 6.5 percent of disposable personal income, the highest percentage since the depths of the 1982 recession. This would mean that consumers are buying less and reducing consumer installment credit levels, which are regarded as important barometers of a healthy economy. "We may well see consumer installment credit for October up only \$3.5 billion, when the figures are released next Friday, compared with the rises of \$4.3 billion in September and \$6 billion in August," he said. This, he added, could further depress interest rates and inflation levels—and the spirits of retailers.

### Spending Freeze Fears

The Treasury Department's tax proposals are also being blamed for the recent decline in stock prices.

### Consumer Borrowing

Monthly change in consumer installment debt, in billions of dollars



\*Estimate Prudential-Bache Securities  
Source: Federal Reserve

"The only impact the tax package has had has been fear among investors that debate of the proposals may freeze corporate spending plans," said Steven G. Elmhorn, vice chairman of the investment policy committee of Goldman, Sachs & Company.

When the market began its downward trend last January, he noted, it was correctly signaling that the recovery was going to run out of steam sometime during the summer, which is what happened.

What about now? "We have," he said, "a stand-off between investors who fear that any strong signs of renewed economic growth will send interest rates climbing and those who fear that continued economic anemia will reduce corporate earnings further. Until one side becomes convinced otherwise, the markets will continue to churn in a choppy narrow range."

### Stretching Out Investments

Most professional money managers, believing that short-term interest rates are moving downward for the near future, are lengthening their investments in money market mutual funds. In the week ended last Wednesday, for example, the average maturity in these funds grew to 46 days from 43, a sizable extension, said Cornelia S. Bugbee, editor of Donoghue's Money Fund Report, Holliston, Mass.

"The fund managers want to lock in today's short-term funds rates before they decline with the maturing of higher-yielding Treasury bills, commercial paper and other short-term instruments mature," she said. "So do many smaller investors."

Based on figures from the 256 taxable mutual money funds monitored by her group, assets rose to \$196.7 billion last Wednesday, up from \$187.2 billion a month earlier and the 1984 low of \$159.8 billion reported last Jan. 5. Bank money market deposit accounts are also growing, but at a much slower rate. They rose by \$16.3 billion, to \$386.8 billion, in the past year.

H. J. Maidenberry

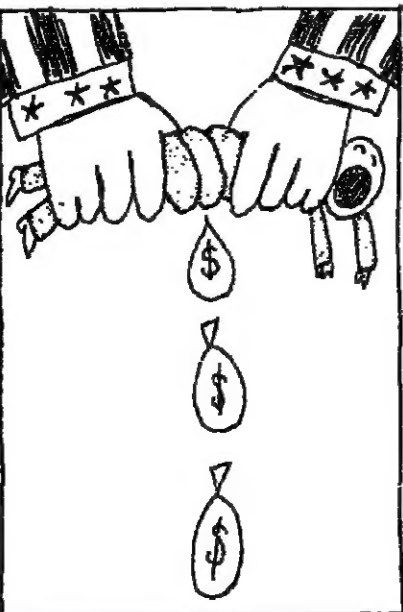
## WEEK IN BUSINESS

# A Troubled Time for Union Carbide

Union Carbide faces a severe financial test in the wake of the catastrophe at its Bhopal, India, plant, where more than 1,500 people have died from exposure to poisonous gas. In addition to the reparations that are likely to be demanded by India and the Indian criminal charges facing its officers, Carbide faces investor uncertainty over its ability to withstand the financial drain from the expected private lawsuits and the loss of confidence in the company. Its stock already is suffering, and Standard & Poor's is watching it closely for "potentially negative implications" for its debt ratings.

Carbide says it is strong enough to withstand the onslaught, both because of its financial structure and because of its insurance coverage. Still, investors point to the specter of Manville, which was forced into bankruptcy under the burden of claims from workers whose health was damaged by exposure to asbestos. And the India disaster has Carbide and other companies taking a harder look at their safety precautions in dealing with poisonous substances.

A sweeping but controversial plan to trim the Federal deficit took on substance when President Reagan re-



Stuart Goldstein

budget slashing that would reduce domestic spending by \$34 billion in the fiscal year 1986 alone. Included is a one-year, 5 percent pay cut for the 2.1 million civilian Federal employees, elimination of cost-of-living increases in all but Social Security benefits, elimination of direct loans from the Export-Import Bank and the virtual elimination of the Small Business Ad-

in savings. He apparently is hoping to find most of that in the military budget, but the Pentagon is expected to strenuously object. Given Mr. Reagan's commitment to military strength, a fight in Congress is likely.

The plan would hit Americans almost unilaterally, but the elimination of Federal programs intended to spur private spending could hit hardest at small towns and depressed areas, which rely heavily on Economic Development Administration grants and block grants. In addition, farmers will claim that the severe curtailment of price supports would expose them to the vagaries of the weather and the international marketplace.

T. Boone Pickens offered \$60 a share for nearly 10 percent of Phillips in a bid to gain control of the big oil company. For months, Mr. Pickens had been rumored to be looking for a new oil acquisition, and analysts said Phillips, which has high oil and gas reserves but whose stock is undervalued, was a near-perfect target. Mr. Pickens, the wealthy oilman who controls Mesa Petroleum, is moving in on Phillips with two partners, Cyril Wagner Jr. and Jack E. Brown, themselves wealthy Texas oilmen. Phillips is expected to strongly resist, possibly by acquiring another oil

Unemployment resumed its fall from holding steady for two months. The November overall jobless rate of 7 percent is the lowest since June, and a record number of Americans now hold jobs. Most of the increase in employment has been in the service sector, not the industrial sector. Economists have been noting for months that the United States is becoming more service-oriented, leading to fundamental changes in the economy. Other indicators showed the economy holding its own: Factory orders fell 2.5 percent in October and sales of new cars dropped a surprising 14.2 percent in mid-November, but sales of new homes rose 2.1 percent in October, thanks to falling mortgage rates.

The Treasury's plan to overhaul the tax system continued to reverberate throughout the nation. While most analysts still put the chances for enactment at close to nil, others say many, if not most, of the provisions could become law eventually. But Commerce Secretary Malcolm Baldrige expressed reservations about the plan, as did officials of some states.

Markets remained uneasy about the President's budget proposal, the Treasury's tax plan and the direction of the economy. The Dow Jones industrial average finished at 1,163.21, down 23.52. Interest rates were little changed in light of the Fed's 8 1/4

The New York Stock Exchange				
WEEK ENDED DECEMBER 7, 1984				
Company	Sales	Last	Net Chng	
Brit T p	24,397,800	11 1/2	+	
Un Carb	14,910,200	36 1/2	-12	
Phil Pet	14,630,100	53 1/2	+ 9 1/2	
ITT Cp	14,175,400	32	+ 5 1/2	
IBM	6,016,500	117 1/2	- 4 1/2	
Mid S Ut	5,989,200	13 1/2	- 1 1/2	
AT&T	5,041,900	18 1/2	+ 1 1/2	
Avco Cp	4,998,700	46 1/2	+ 1 1/2	
Ford M	4,223,000	42 1/2	- 2 1/2	
Unocal	4,204,600	39 1/2	+ 1 1/2	
Chrysler	4,183,800	29	+ 1 1/2	
Avon	3,706,800	21 1/2	+ 1 1/2	
Mobil	3,121,700	27 1/2	- 1 1/2	
Datapnt	3,117,700	18 1/2	+ 1 1/2	
Stearns	3,050,200	28 1/2	- 1 1/2	
Standard & Poor's				
400 Indust	183.4	180.6	181.4	-1.50
20 Transp	136.4	133.8	135.6	-0.42
40 Utilis	74.1	73.3	73.6	-0.58
40 Financial	17.9	17.6	17.8	-0.15
500 Stocks	163.9	161.7	162.2	-1.32
Dow Jones				
30 Indust	1152.6	1159.2	1163.2	-25.73
20 Transp	530.3	516.8	522.7	+0.45
15 Utilis	146.0	143.5	144.6	-0.97
65 Comb	477.0	465.1	467.7	-6.42
The American Stock Exchange				
WEEK ENDED DEC. 7, 1984				
Company	Sales	Last	Net Chng	
TIE	1,872,700	6 1/2	+ 1/2	
BAT	1,591,800	13 1/2	...	
HouQT	1,393,500	5 1/2	- 1/2	
WangB	1,163,000	26 1/2	- 1/2	
DomePet	1,135,600	13 1/2	- 1/2	
WtchIE	1,088,300	15 1/2	- 1/2	
AMBLid	785,700	1 1/2	+ 1/2	
PetLw	730,700	4	...	
CrytO	588,900	3 1/2	- 1/2	
KeyPh	583,600	9	- 1/2	
MARKET DIARY				
Advances	Declines	Total Issues	New Highs	New Lows
801	1,208	2,238	82	157
789	1,198	2,248	123	116
VOLUME				
(4 P.M. New York Close)	Last Week	Year To Date		
Total Sales	441,991,120	21,732,385,393		
Same Per. 1983	478,520,980	20,420,197,970		
WEEK'S MARKET AVERAGES				
High	Low	Last Change		
New York Stock Exchange	108.6	107.3	107.6	-0.98
Indust	86.3	84.8	85.5	-0.47
Transp	86.3	84.8	85.5	-0.47
MARKET DIARY				
Advances	Declines	Total Issues	New Highs	New Lows
242	518	901	25	110
261	499	902	25	110
VOLUME				
(4 P.M. New York Close)	Last Week	Year To Date		
Total Sales	242	261		
Same Per. 1983	242	261		



# The New York Times

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## Risk and Blame at Bhopal

In Bhopal, technology has showed its grimmest face. The pesticide ingredient that burst from its storage tank in the central Indian town is feared to have killed some 2,000 people. Many thousands more may be blinded or debilitated, perhaps for life. The wounded still wander the streets under the pall of funeral pyres. As the catastrophe bears witness, pesticide ingredients can be more deadly than the kindred agents of chemical warfare.

The detailed causes of the accident are still unknown, but a tragedy of such dimension prompts broader questions. Is the risk of such accidents too high a price to pay? Has technology outrun the capacity to control it?

Foresight is rarely perfect. Most safety records are built on a history of mistakes. Only when the risks are visibly enormous, as with nuclear power, are extreme precautions taken. Despite some close calls, the nuclear industry has had a fine safety record. So too has the chemical industry in America. Its accident rate is the lowest of any, doubtless because the perception of hazard is so keen. Union Carbide says its plant at Bhopal is a smaller replica of one that has operated safely in West Virginia for 17 years. Why should America's safest industry prove so disastrous at Bhopal?

Part of the explanation may be a difference in culture. India's scientists are as good as any, but not all Indian workers have the same familiarity with machinery as Americans. Yet to gain foreign technology, India has encouraged corporations to locate

plants in India rather than sell from abroad.

No technology is wholly risk-free, and societies accept varying levels of risk. From nuclear power, almost no deaths are acceptable, and rightly so; but for automobiles, a familiar and desired technology, we tolerate a carnage of 50,000 a year and spurn extra safety measures. An air crash produces more bodies than a car crash, and people are more willing to pay for greater safety on planes than on cars. The public insists on higher standards, as it would probably do for drugs or pesticides if their side effects were more concentrated.

The plant at Bhopal was part of India's remarkably successful effort to shake free from the legacy of famine and foreign food handouts. No doubt the plant could have been made safer if anyone had foreseen the risk. But presumably Union Carbide used the cheapest process, which had worked relatively safely for 17 years. Extra safety would have meant extra cost.

Should the company or its Indian co-owners have decided the process used in West Virginia was too dangerous to transfer to India? In retrospect, maybe. But the usual approach would be to assume the risks could be managed. That miscalculation may have contributed as much to the accident as any faulty valve or individual act of neglect.

Those caught in the gas cloud at Bhopal have paid in agony for a train of errors. But in so extended a causal chain, blame may prove harder to fix than at first appearances.

## The Big Farmers and the Little Folks

According to leaked reports, President Reagan will propose a big cut in farm subsidies as one way to reduce the deficit. While it's not yet known just what he has in mind, virtually any such reduction would be welcome. There is no good economic or social reason to keep America's enormously productive farm sector permanently on welfare.

Agriculture support programs responded to the great suffering of the Depression, when a quarter of the population lived on family farms. Now the number is 3 percent and many of those farmers are big businessmen.

America really has two farm sectors, the Big Farmers and the Little Folks. There are some in between, but the extremes are truly extreme. Some 300,000 Big Farmers, 12 percent of the total, manage large, mechanized operations that produce most of the nation's food and fiber. In 1982, they had an average worth of \$1.2 million and netted an average income of \$90,000.

The Little Folks constitute 71 percent of American farmers; they account for only about 12 percent of farm output. Their small, inefficient farms generated no net income. Their owners earned an average of \$18,000 — entirely from work off the farm.

It's the plight of these 1.7 million Little Folks that is used to justify Government agricultural aid like price supports and direct payments. But subsidies are proportional to output, and so most of the benefits go to the Big Farmers. In 1981, 80 percent of direct subsidies went to the most successful 29 percent of grain and cotton farmers.

Economists believe that Government aid to agriculture is "capitalized" in farm land; the

greater the anticipated farm income, the more valuable the land becomes. That's fine for farmers who own the soil they till. But many poor farmers are renters, who can expect their annual rental rate to absorb any increase in crop prices. The higher land prices go, moreover, the less likely it is that small landowning farmers will ever be able to expand their operations to efficient size.

Permanent subsidies are thus the wrong way for Washington to intervene on behalf of agriculture. But there is a right way. American farmers deserve continuing help in preserving open world markets. Washington should press for an end to the subsidies that Western European governments supply to their farmers, transforming a land-scarce region into a net exporter of food and depressing agricultural prices worldwide.

Another approach that analysts like is Federal farm revenue insurance. Commodity prices swing wildly from year to year, but the cost of running farms does not. Hence one could imagine a self-supporting insurance system in which farmers paid premiums in fat years to guarantee a minimum income in lean.

But the practical problems are daunting. How, for example, would one determine the insured return on this plot of land as compared with that one? Undoubtedly there would be a strong temptation to underestimate the premiums needed to sustain the system, a temptation that could easily lead Congress right back to the sort of price supports that revenue insurance would be intended to replace.

Still, reform of the subsidy system is long overdue and the crisis over budget deficits may offer a rare opportunity for change. It would be a great pity if Congress merely treats it as an opportunity for retrenchment.

## The Editorial Notebook

### 'Putting Up With the Russians'

Edward Crankshaw, who died last week, was Britain's most sober, and witty, analyst of the Soviet Union. For 40 years, he probed its mysteries and hostilities and set standards for journalism, looking past the games of Kremlinology to the central issues of coexistence.

"Putting Up With the Russians" is the title he chose for his last testament, a just-published collection of past essays. It's as fresh and instructive as the morning paper. His introduction, succinctly recapping the message he most wanted to leave, is quoted here with the permission of Viking-Penguin, Inc.

The Soviet Union has to be treated not as a monstrous, unfathomable apparition to be contemplated helplessly, but as one country among others (with startling peculiarities, of course) and part of the general global mess. I wanted to show that while the Bolshevik regime was even more vile than it was possible for anyone who had not experienced it to imagine, that although it would make mischief on every possible occasion and find it hard to resist every opportunity for easy expansionism and subversion, there was next to no danger of the Kremlin launching a formal war and it could always be stopped by a firm and clear declaration of the line it must not cross — backed by sufficient force to make that declaration credible. . . .

We, and especially Washington, seem quite suddenly to have forgotten

### Edward Crankshaw's Last Lesson In Soviet Studies

what we have learnt. There are disconcerting signs of a drift back to the old panic fear of the Communist menace, an ideological crusade and the more absurd attitudes of the cold war. There is a general loss of a sense of proportion. Nuclear overkill runs wild. An American President appears to see nothing demeaning in proclaiming to the world at large that the fate of his great, magnificent, rich and so powerful country depends on the outcome of this or that squalid civil war in Central America — and this after Cuba, 1962!

Many years ago I wrote that the Kremlin's one great achievement was turning itself into a bogey to give us an excuse to stop thinking. . . . Too often our politicians and soldiers have preferred wild speculation based on the unsupported proposition [about] a war of conquest with an eye to global hegemony. Further, even less excusably, they have taken at its face value the Kremlin's insistence on the monolithic unity of the Communist world — and by so doing succeeded in welding the very disparate parts more firmly together. . . .

There was and still is indeed a menace of sorts, and one to be taken seri-

ously and quietly: our old friend Russian imperialism, given a new cutting edge by modern armaments and driven by a combination of fear and greed and a cockeyed political philosophy. Of course the Kremlin uses Communism as a stalking-horse, but it was Russia in arms, not Communism, which occupied half Europe in 1945. . . .

I have called it *Putting Up With the Russians* because that is what we have to do. The Soviet Union is a fact of life like the weather. We have to live with it. Soviet leaders go on about "peaceful coexistence" as though it were an original idea they had dreamed up. It is not an idea at all. We do in fact coexist and will continue to do so whether we like it or not unless and until we blow ourselves off the face of the earth. The adjective "peaceful" simply begs the question. . . .

For us it means, or should mean, live and let live. For the Government of the Soviet Union it embraces the concept of an unceasing "ideological struggle," aiming at the salvation of humanity through the substitution, by all conceivable means short of war, of the Soviet political and social system for every differing system in every country on this planet — a process dignified by the name of World Revolution. It is impossible to tell how much or how little the Soviet leadership still believes this antiquated rubbish, but it is certainly influenced in its behavior by at least the habit of belief.

## Letters

### C.I.A. Has a Right to Complain Against ABC

To the Editor:

I want to register my extreme distress over your editorial "Mugging a Network" (Dec. 5), concerning the Central Intelligence Agency's complaint against ABC [regarding two news reports about C.I.A. ties to a Hawaii investment house allegedly involved in shipping arms to Taiwan and accusations of an assassination plot].

With the restraint and reason of a frenzied mob heading for the courthouse with torches and kerosene, you accuse the Federal Communications Commission of a "plot to commit intimidation," holding "a dagger to the network's throat for months" while we "dawdle" over the pleadings.

Without going into the merits, the C.I.A.'s complaint raises a "fairness doctrine" claim, a related personal-attack issue and an allegation of news distortion. As with the thousands of such complaints filed each year, the F.C.C. assigns them to staff attorneys to review their legal sufficiency. This review period runs six to eight weeks, and the staff will have a decision in this matter within that time.

As to the standing of the C.I.A. before the F.C.C., I agree that the commission's policies should not be shortcuts for libel or slander lawsuits. But the fairness doctrine generally concerns issues; and the same issues raised by the C.I.A.'s complaint could be brought by a private individual. Should its Government status preclude a look at the allegations? If a state environmental agency were to raise a fairness issue on a program about air pollution, would that complaint be stillborn because it emanated from a Government source?

I have instructed the Mass Media Bureau to handle the C.I.A. complaint without fear or favor. To give it

"special handling" in any way, including the one proposed by you, taints our processes. No prior restraint is in effect, and broadcasters have learned to endure this process.

My distaste for this process is a matter of public record since I took office in 1981. But so long as the fairness doctrine and related content regulations are on the books, I will enforce them. That is my oath of office, appeals for instant justice notwithstanding.

MARK S. FOWLER  
Chairman  
Federal Communications Commission  
Washington, Dec. 5, 1984

### Backdoor Libel Suit

To the Editor:

The complaint against ABC that the C.I.A. has filed with the F.C.C. raises important constitutional and other legal questions. However, in view of the relief asked by the C.I.A. in its complaint, it appears to me that much of the discussion has been wide of the mark, particularly since primary attention is given to the "fairness doctrine" embodied in Section 315 of the Federal Communications Act.

In the ABC broadcast that triggered the controversy, one Scott Barnes stated that the C.I.A. had asked or directed him to assassinate one Ronald Rewald, a Honolulu investment counselor. That is certainly a controversial statement and one damaging to the reputation of the C.I.A. The fairness doctrine would give those in disagreement with or offended by the statement a right to demand from ABC a reasonable opportunity to broadcast a reply. But the C.I.A.'s complaint makes no such request, and ABC has declared itself

ready to give the C.I.A. opportunity to broadcast a reply. It appears, therefore, that no issue under the fairness doctrine has been raised.

The relief actually requested by the C.I.A. is that the F.C.C. conduct an investigation of ABC to determine whether or not the network had acted with "reckless disregard for the truth" and, if so, to prescribe an appropriate penalty, such as a monetary fine or revocation of ABC's broadcasting licenses.

The Director of Central Intelligence, William J. Casey, has also asked the F.C.C. to order ABC to retract "all false allegations." The F.C.C. has no power to do any such thing, and under the Constitution no one can be forced to disavow any assertion on an issue such as the C.I.A.'s conduct of its affairs.

The C.I.A.'s complaint must be regarded as directed toward ABC's discharge of its responsibilities as a licensee of broadcasting stations. The F.C.C. has on many occasions received, considered and acted upon such challenges to licensees from non-governmental sources, both individual and corporate, and many of them have involved the content of broadcasts. A Southern station, for example, was penalized for refusing to have blacks appear on its programs.

Is there any reason why a complaint from a Federal agency such as the C.I.A. should not be considered by the F.C.C.? It is certainly not unheard of for one agency to appear before another, and indeed the Department of Justice has on more than one occasion taken a position before the F.C.C. on issues such as the impact of the antitrust laws on broadcast licensing. Consequently, it does not appear to me that the mere fact that the complaint emanates from a Government agency should bar the F.C.C. from considering it.

However, the C.I.A. complaint, insofar as it seeks to penalize ABC for a statement critical of a Government agency, raises important issues under the First Amendment. While this is neither a civil libel suit nor a criminal prosecution for seditious libel, in practical effect it is dangerously close to both, as Floyd Abrams pointed out ("C.I.A. Complaint Raises First Amendment Issue," Nov. 26). In libel suits and perjury prosecutions courts may be obliged to determine the truth or falsity of statements, but it would be most unfortunate if a broadcast-licensing agency such as the F.C.C. should undertake such a responsibility.

ABC has publicly admitted that it has no reason to doubt the C.I.A.'s denial that it told Scott Barnes to assassinate Ronald Rewald. Unless there is something in this occurrence that casts substantial doubt on ABC's qualifications to continue as a broadcast licensee, it appears to me that ABC's admission should be the end of the matter.

TELFORD TAYLOR  
New York, Nov. 29, 1984  
The writer is a former general counsel of the Federal Communications Commission.

### Robots Are More Equal Than Humans

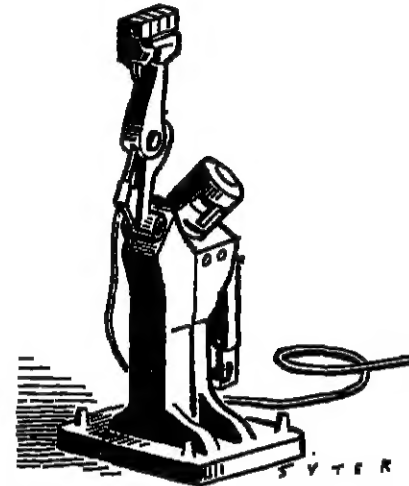
To the Editor:

Prof. Robert Blackey proposes (letter, Nov. 30) that if the Census Bureau is empowered to count the number of robots employed in various states, it follow the precedent of the unamended Constitution and count every five robots as three humans.

The proposal is singularly misguided, especially for the purpose Professor Blackey envisions, that of electing congressional representatives and, presumably, the Chief Executive.

Quite unlike the average human voter, robots are generally dispassionate and impervious to extraneous considerations like charisma, witty one-liners, misinformation and political commercials. Indeed, given the facts, they can be depended on to reach the correct conclusions. They are, in brief, paragons of intelligent citizenship. Needless to add that, as workers, they do not strike for higher pay, fewer hours and better working conditions or require fringe benefits, unemployment insurance and pensions.

Reason would therefore suggest that instead of accepting Professor Blackey's no doubt well-intentioned



prescription, the Census Bureau be allowed to reverse the formula and count every five humans as three robots. This may be doing an injustice to the latter, but in a less-than-perfect world, compromise must inevitably fall somewhat short of absolute equity.

IRWIN STARK  
Hillsdale, N.Y., Nov. 30, 1984

### Some Liberals Really Conservatives

To the Editor:

I write to correct a misimpression about the American Civil Liberties Union that may have been fostered by the Nov. 27 letter of my old friends Jewel and Bernard Bellush.

Responding to Dr. Kenneth B. Clark's lament about the decline of liberals (news article, Nov. 18), the Bellushes write that they can be found at the A.C.L.U., among other institutions. They certainly can. But the A.C.L.U. is also home to conservatives, historically skeptical of the aggregations of government power that threaten individual rights.

Indeed, at a time when self-styled "conservatives" in Washington wage war on the traditional American values embodied in the Bill of Rights, the A.C.L.U., as fierce protector of that time-honored document, may be the most conservative group around.

GARA LAMARCHE  
Executive Director  
Texas Civil Liberties Union  
Austin, Tex., Nov. 28, 1984

### Tax Plan Would Put States on the Same Footing

To the Editor:

Senator Daniel Patrick Moynihan's "Tax Changes That Would Hurt New York" (Op-Ed, Nov. 21) is misleading in using a measure not currently employed in Federal grant programs.

First, he states that New York's tax capacity is way below the national average, while Texas's tax capacity is way above. But by the most commonly accepted measure of tax capacity, per-capita income, New York is actually 11 percent above the U.S. average, while Texas is just equal to the U.S. average.

Secondly, Senator Moynihan refers to the "miserable level of Federal outlays in New York." In truth, New York's receipts are far from miserable. For example, according to recent data from the Census Bureau, in fiscal 1983, New York State received Federal aid amounting to \$26 per capita, second only to Alaska. By contrast, Texas received \$261 per capita. Mississippi, the poorest state in the Union, received only \$382 per capita.

Finally, the Senator argues that repeal of the Federal-tax deductibility

of state and local taxes would impose unfair burdens on the state's taxpayers because the typical tax bill for a business or family in New York is much higher than the national average. I would remind the Senator that for decades New York politicians justified state-tax increases on the ground that "the Feds will pick up part of the tab."

For years, Texas and other states with a modest taste for publicly provided services have been subsidizing high-tax, high-spending states like New York through massive doses of Federal aid and the Federal-tax deduction for state and local taxes.

There is nothing unfair about finally putting all the states on an equal footing, while at the same time providing much needed revenues to the U.S. Treasury that can help reduce the Federal budget deficit.

BERNARD L. WEINSTEIN  
Beaumont, Tex., Nov. 29, 1984  
The writer is assistant director for research and policy at the John Gray Institute and president of the Western Tax Association.

### Monroe Doctrine: There, but Not Doctrinaire

To the Editor:

The Nov. 20 letter suggesting that the Monroe Doctrine has been imperialistic from the outset is confused. In its original 1823 form, the doctrine only warned European powers to avoid expansion in the American hemisphere. It was unilateral, but it was anti-imperialistic.

President Theodore Roosevelt in his 1904 "Corollary" did give the doctrine an imperialistic twist: he proclaimed a U.S. right of preventive enforcement for intervening in Latin American countries that failed to pay their debts or otherwise gave external powers excuse to come into the hemisphere.

But President Hoover abrogated the corollary and began withdrawing U.S. Marines from the quasi protectorates set up under it. President Franklin D. Roosevelt finished the job and in a series of commitments and agreements ended unilateral U.S. enforcement of the doctrine.

When the fall of France in 1940

created the danger that Nazi Germany would come into French possessions in the Americas, Roosevelt helped organize the Act of Havana to provide for multilateral enforcement of the Monroe Doctrine against outside aggressors. All this made up the Good Neighbor Policy, and it stands today.

Whether the Reagan Administration does and will abide by the Good Neighbor Policy, or on the highest levels is even aware of its meaning, is a question. But this should not lead to a rewriting of the Monroe Doctrine's history. To say we should confess it was always imperialistic is absurd.

BASIL RAUCH  
Killingworth, Conn., Dec. 3, 1984

### Why Cain Was Marked

To the Editor:

In the libel case of Ariel Sharon against Time magazine, one of the lawyers, while examining a witness, said, "The mark of Cain . . . is the mark of a murderer, isn't it?" (news article, Nov. 27).

No, it isn't. As the Bible says clearly in Genesis 4:15, the purpose of the mark was to protect Cain against someone murdering him:

"And the Lord put a mark on Cain, lest any who came upon him should kill him."

MORRIS SILVERMAN  
New York, Nov. 29, 1984

The writer is a professor of history at Yeshiva University.



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IN THE NATION  
Tom WickerHeadsman,  
Hold That  
Meat Ax

ROCHESTER, Vt. No sooner had the voters of 49 states re-elected President Reagan than he disappeared, to be replaced by President Kill'emall. Where now are the happy smiles of October, those reassuring tales of economic growth, the rosy glow of televised optimism? Gone, gone with the wind of the falling ax, decapitating the elderly, children, the poorest among us, veterans, students, urban transit riders, small-business borrowers, the handicapped — and on and on, for the sake of a \$34 billion budget cut.

But who caused the current \$200 billion deficit, and those projected for future years? Ronald Reagan did, with his 1981 tax cuts and his overblown and wasteful military buildup. Now he wants to pay for these profligacies by cutting or eliminating benefits and supports that helped propel many of those who voted for him into affluence, the middle class and complacency.

He can't do it without the acquiescence of the Democrats who control the House and occupy 47 seats in the Senate — and whose party put in place most of those benefits and supports still needed by those who have yet to "make it," but which Mr. Reagan says the richest nation on earth can no longer afford. If these Democrats go along with him, they will be pallbearers at the burial of liberal government in America — which, at least as much as deficit reduction, may be Mr. Reagan's real goal.

That may be the strongest reason for the Democrats to fight day and night, fang and claw, to halt Mr. Reagan's meat ax. But there are plenty of others:

¶The deficit problem is serious, but not terminal or anywhere near the disaster that Mr. Reagan — now that he is safely re-elected — would have you believe. As pointed out in this space before, at roughly 5 percent of gross national product, the deficit is minor compared to the one run up during World War II (over 25 percent of G.N.P.), which led to the greatest and longest period of prosperity the nation has known. Private corporate debt is far larger than the Federal

Decapitating  
liberal  
government

debt, and if the Federal Government followed the bookkeeping practice of capital budgeting, as business and the states do, its operating deficit would be drastically reduced. Three-quarters of the growth in Federal debt from 1973 to 1983, moreover, was accounted for by generally productive grants to cities and states.

¶The Reagan budget cuts amount to starving the public sector — such programs as agricultural conservation, environmental research, libraries and law enforcement, as well as aid to infants, old folks and the homeless — in order to diminish Government demands on the credit markets. But that would only make more credit available for private-sector borrowing, much of which will be for nonproductive but profitable mergers and acquisitions — oil companies buying computer makers, and the like.

¶Politically, there's no public demand for deficit reduction at any cost; ask Walter Mondale, who campaigned on the promise to raise taxes in order to cut the deficit. Ask any member of Congress re-elected last year how high deficit reduction was on the list of his constituents' concerns. The deficit is a preoccupation of Washington and Wall Street, which doesn't mean it's not important; it does mean that there's time and political room to work out alternatives to the meat ax.

There are such alternatives, besides the "last resort" tax increase Mr. Reagan will surely agree to lead on the public once his meat ax has done its headsman's work — but failed to reduce the deficit by more than half, if that much. With the economy slowing to a standstill, the Federal Reserve could cut interest rates, for one thing; that would stimulate growth and revenues and reduce interest on the debt.

A determined attack on unemployment would be far more productive — in every sense — than the worst the meat ax can do. Reducing the jobless rate from the present 7.2 percent to 4 percent, for example, would cause a net budget savings of about \$100 billion annually, in increased revenues and decreased assistance to the unemployed.

One way to move toward that result would be a public works program to restore this wealthy nation's rotting and crumbling infrastructure, its highways, sewers, bridges, waterworks — the exact opposite of Mr. Reagan's myopic proposals to cut funds for these vital needs. Twenty-five billion dollars redeemed annually from his bloated military budgets added to the proceeds of a reasonable gasoline tax (with a rebate

## Shultz, Weinberger Nondifferences

By J. William Fulbright  
and Seth P. Tillman

WASHINGTON — It has been widely taken as something of a paradox that Secretary of State George P. Shultz has emerged within the Reagan Administration as a vigorous advocate of the use of force, while the Secretary of Defense Caspar W. Weinberger advocates caution and discrimination in the application of American military power. In fact, there may be less to their apparent differences than meets the eye.

This is not to say that there are no differences, or that the "Weinberger doctrine" is not a useful statement of the need for prudence drawn from the Vietnam experience. Nor is this the first time that the professional military, for which Mr. Weinberger speaks, has recognized potential hazards that diplomats and politicians tend to overlook. It was the infantry generals, above all President Dwight D. Eisenhower himself, who opposed American involvement in the first Indochina war in 1954, as against the inclinations of then Vice President Richard M. Nixon and Secretary of State John Foster Dulles. Soldiers are understandably wary of quagmires.

On the more fundamental level of policy and national interest, however, there is little apparent difference between the two secretaries' approaches. Neither suggests any reconsideration of the deep-seated anti-Sovietism that forms the core of the Administration's foreign policy. And while they may differ as to when and how it should be used, both regard military force as the primary in-

J. William Fulbright was Democratic Senator from Arkansas from 1944 to 1974 and chairman of the Senate Foreign Relations Committee from 1959 to 1974. Seth P. Tillman, research professor of diplomacy at the Georgetown University School of Foreign Service, was a member of the committee staff from 1961 to 1977.

strument of American foreign policy.

In his speech on terrorism on Oct. 25, Mr. Shultz called for a "strategy" of pre-emption, retaliation and surprise, even in the absence of "evidence that can stand up in an American court of law." He also advised against any questioning of the policies against which acts of terrorism are ostensibly directed lest this be seen as a "reward" to terrorists.

Mr. Weinberger, for his part, said last week that he would commit the armed forces only if certain "tests" were met: the commitment must, among other things, be deemed vital to our national interest and be undertaken "wholeheartedly and with the clear intention of winning." These tests were evidently conceived as a corrective to the mistakes made in Vietnam, but they are so broad and subjective, so amenable to the widest variety of interpretation, that, had they been in place at the time, it is hardly likely they would have posed a serious obstacle to our involvement and escalation in Vietnam.

Both men also chafe under more objective, institutionalized restraints such as the War Powers Resolution of 1973. "We will need the capability to act on a moment's notice," Mr. Shultz said in his recent speech. "There will not be time for a renewed national debate after every terrorist attack." Mr. Weinberger and his Pentagon colleagues have made no secret of their dislike of the resolution, which, despite certain shortcomings, comes as close as has been found possible to establishing objective, legally binding rules governing military commitments abroad. Both secretaries stress the need of public and Congressional support, but neither seems aware of what is perhaps the single most compelling lesson of Vietnam: that neither the people nor their representatives can be expected to support protracted military involvements undertaken by Presidential fiat or subterfuge.

It is easy enough to drum up public

enthusiasm for showcase trivialities like the invasion of Grenada, which the Administration has elevated to the rank of Agincourt and Waterloo in the annals of military glory. More consequential involvements require the exercise by Congress of its constitutionally mandated war powers. As Senator John C. Stennis said in 1973 in support of war powers legislation: "In the long run, the only stable basis for continued confidence in our Government is to have the people participate in the major decision of whether we are to have war or peace. The only practical way for the people to participate is through their elected representatives — the Congress."

But even more fundamental than the debates within the Reagan Ad-

Both view  
force as  
the primary  
instrument

ministration over "rules of engagement" is what is not being debated. Fascinated as they are with the weapons and tactics to be used in waging the battle against the "evil empire," our policy makers show little discernible interest in how that battle might be moderated and perhaps eventually ended. Despaired if not forgotten is the détente that flourished briefly in the early 1970's, when Henry A. Kissinger spoke of the "special duty" of the superpowers "to see to it that confrontations are kept within bounds that do not threaten civilized life."

The greatest lack and the greatest need in American foreign policy is a conception of world order. In lieu of that today we have a precarious nuclear peace based on mutual deter-

rence. The underlying premise of this elaborate system of delicately balanced threats and counterthreats is mutual blackmail, and if either side could mount a successful first strike without suffering major damage itself, it would do so. The international system today — if it can be called a "system" — is based on the ingenuity and technological virtuosity of "strategic doctrine." Maintaining the peace is not a common interest but a game of wits — a perpetual "war game" in which a single major miscalculation by either side will bring general catastrophe.

A stable system requires a more solid foundation. Now as in the past, lasting peace requires some minimal shared commitment on the part of the great powers to sustain and protect the international order. Such was the original intent of the United Nations Charter and of Franklin D. Roosevelt's conception of the "four policemen" who it was hoped would make it work. Such too was the intent of the Nixon détente of the early 1970's, consisting of such disparate but mutually reinforcing elements as arms control, the Berlin access agreement of 1972, the aborted trade agreement of that year, scientific and cultural exchanges and proposed annual summit meetings between the superpowers.

There is no possibility whatever at this late date of either superpower neutralizing the vast destructive capacity of the other, no matter how many nuclear weapons it builds nor how ingenious its strategic doctrine. All we can hope to do is to influence each other's intentions in a constructive direction.

Implicit in the arrangements that came to be called détente was the concept of an evolving system of superpower collaboration for the limited but crucial purpose of preserving the world order against the nuclear threat. The absence of a conception of this kind is the principal threat to world peace and the great failing of current American foreign policy. □

WASHINGTON  
James RestonThe  
Mental  
Deficit.

WASHINGTON The conversation of a great capital is important, and here in Washington these days it's mainly about money: about deficits in the Federal budget, deficits in the nation's world trade, about tax burdens and tax shelters.

This not only dominates the talk of the city but the newspaper headlines and the evening television reports. We are battered and stunned by the statistics of the economists, who are telling us, quite rightly, that we're the richest people on earth but can't pay our bills.

Meanwhile, there is a kind of mental deficit in the land that doesn't get the attention it deserves. Consider the latest report by the National Endowment for the Humanities on undergraduate education in the United States. It warns that many college graduates today lack even the most rudimentary knowledge about the history, literature, art and philosophical foundations of their own nation and civilization.

"It is simply not possible," says William J. Bennett, the chairman of the survey, "for students to understand their society without studying its intellectual legacy . . . On too many campuses the curriculum has become a self-service cafeteria through which students pass without being nourished." If the past is hidden from them, he concludes, they will become aliens in their own culture, strangers in their own land.

This complaint is not new, of course, but the connection between education and policy, or rather the lack of connection, has never seemed more alarming than in the history of the last two generations.

For example, the fierce debate in the last Presidential election over the relationship between church and state is only the latest evidence of mental confusion over the long American history on this subject. Further afield, an argument can be made that many of our failures in Korea, Vietnam, Iran and Lebanon were rooted in ignorance of the history and religions of the people who live there.

And Mr. Bennett's warning of the need for improved education about

Policy and  
education:  
Never  
the twain  
shall meet?

our own culture and the other cultures of the world is made all the more urgent by the fact that we have lost control of our borders and are faced with serious task of integrating literally millions of new Americans into the common life of the nation.

The problem is not that these issues are neglected in the nation as a whole. Never has any society spawned as many study groups as this country has since the last world war. The libraries are full of their good work. The trouble is that most of the reports are filed and forgotten, and that many of the new think tanks have become instruments of partisan politics.

The debate on the nuclear arms race illustrates one part of the problem. The discussion goes on within the government and within the universities and private institutions, but there is not nearly as much contact between the two often-opposing strains of thought as there ought to be.

For example, four of our most experienced former officials — McGeorge Bundy, George F. Kennan, Robert S. McNamara and Gerard Smith — recently published a study on the conflict between the President's "Star Wars" policy and his forthcoming negotiations with the Russians on nuclear arms control.

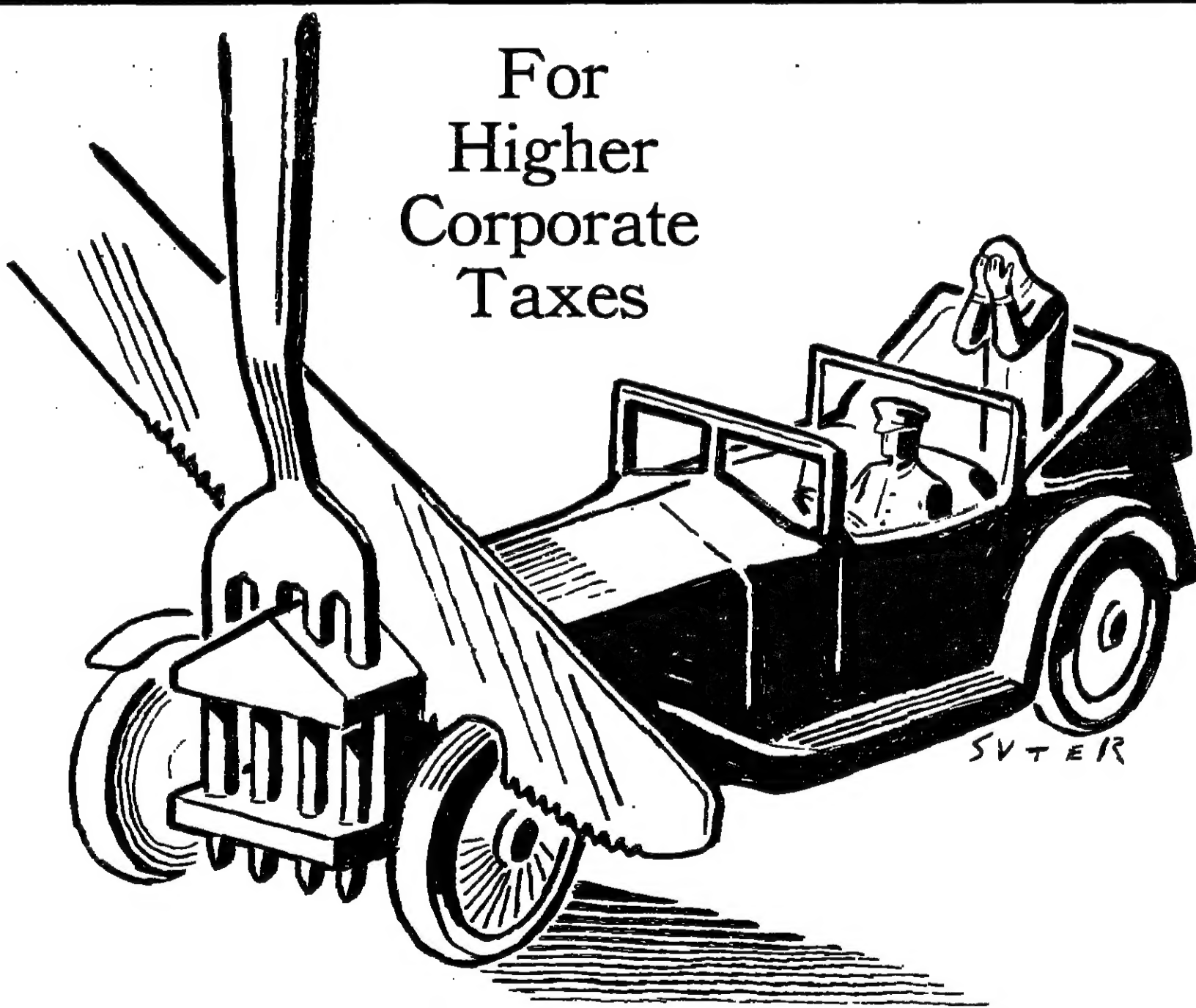
In their view, these two policies are in flat contradiction, and the point here is not whether they are right or wrong, but that there is no serious conversation by the Administration with these four men, though the Administration will inevitably have to answer their arguments to get a nuclear program through the Congress.

In short, there is endless talk here about the cost of everything and not enough about the value of anything. The place hums with computers, but they don't control the mental deficit.

Maybe there's a clue to this problem from the past. When Edmund Burke wrote about the decline of chivalry, he complained that "the economists and calculators" had taken over, along with the "sophisters," those masters of plausible but misleading argument.

He was a little hard on the economists, but he had a point. He thought they were trying to turn the poetry of life into a timetable. Leave it to them, he insisted, and the "spirit of exalted freedom, the unbought grace of life is gone."

Burke was undoubtedly right, however, in appealing for a little more

For  
Higher  
Corporate  
Taxes

By Robert S. McIntyre

WASHINGTON — In the discussions of deficit reduction and tax simplification, a consensus seems to be developing on a critical point: because so many corporations currently pay so little in taxes, it is almost impossible to produce a serious tax reform or budget proposal without a major increase in corporate taxes.

Corporate tax payments have fallen from 25 percent of Federal revenues in the years 1950 through 1969 to only about 8 percent in 1984. Between 1981 and 1983, 250 of the most profitable major companies paid an average rate of just 14 percent, according to a study by my organization. However, it's not just the overall amount of corporate taxes paid that is out of line, but also the wide discrepancies in rates paid by companies in different industries. Tax rates range from negative for airlines, timber companies and railroads, to close to zero for chemical manufacturers and financial and telecommunications companies, to 25 percent or more for makers of computers, technical instruments and textiles.

Even within industries, the differences in tax rates are startling. Whirlpool Corp. pays nearly 46 percent of its profits in taxes, while General Electric pays nothing — in fact, through complex leasing arrange-

tion's 1981 changes in depreciation rules, G.E. got \$283 million in tax rebates between 1981 and 1983. I.B.M. and Digital Equipment paid more than 28 percent of their profits in taxes in the years 1981 through 1983, while Sperry Corp., Control Data and Wang Laboratories paid virtually nothing. K-Mart pays more than 40 percent while Sears pays only 4 percent.

The issue is not simply one of fairness among companies, however. The fact that so many corporations pay so little is a key factor both in the

They are  
crucial  
for deficit  
reduction

size of the Federal budget deficit and in the sharp shift in the tax burden onto middle- and lower-income taxpayers over the past half decade. And economic distortions that the current tax laws create are costing untold sums in lost jobs and wasted capital investment.

be an improved model, the Treasury Department calculates the cost of just one special provision — the accelerated depreciation rules adopted in 1981 — at \$81 billion a year by 1990, four times the Joint Committee's figure for depreciation.

Such tax subsidies bloat budget deficits and raise taxes for middle-income Americans — the accelerated depreciation provisions introduced in 1981 would amount to more than \$1,000 per family by 1990, if left intact. And, since there is no rhyme or reason to how the subsidies are distributed, they also distort the allocation of capital and labor in the economy, harming productivity, employment and economic growth.

The current tax rules, for example, greatly favor the purchase or construction of office buildings. Thus, we have seen both wild trading of used buildings and a glut of construction that has produced office vacancy rates exceeding 30 percent in some cities. On the other hand, putting up new industrial plants is treated harshly, and we have seen a shift in business capital spending away from plant modernization toward, among other things, short-lived equipment.

The common term for such distortions is waste. Its elimination ought to be a high priority for anyone concerned about productivity and growth, not to mention tax fairness.

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about 70 percent of that \$500 billion in the corporate sector, primarily through lowering the statutory corporate rate from 46 percent to 33 percent. The average effective corporate rate would rise to about 20 percent. The remaining 30 percent of the \$500 billion would commendably be used to reduce taxes on individuals, with the cuts tilted toward the lower- and middle-income families that have been most victimized by higher taxes since 1981.

The idea of paying more taxes is inimical to many companies, and they will lobby hard against change. Moreover, at this point there is no telling whether President Reagan will soften the big business stance of his first term in favor of the free-market approach that underlies the Treasury recommendations. But it is



# The Variety of Theater in France

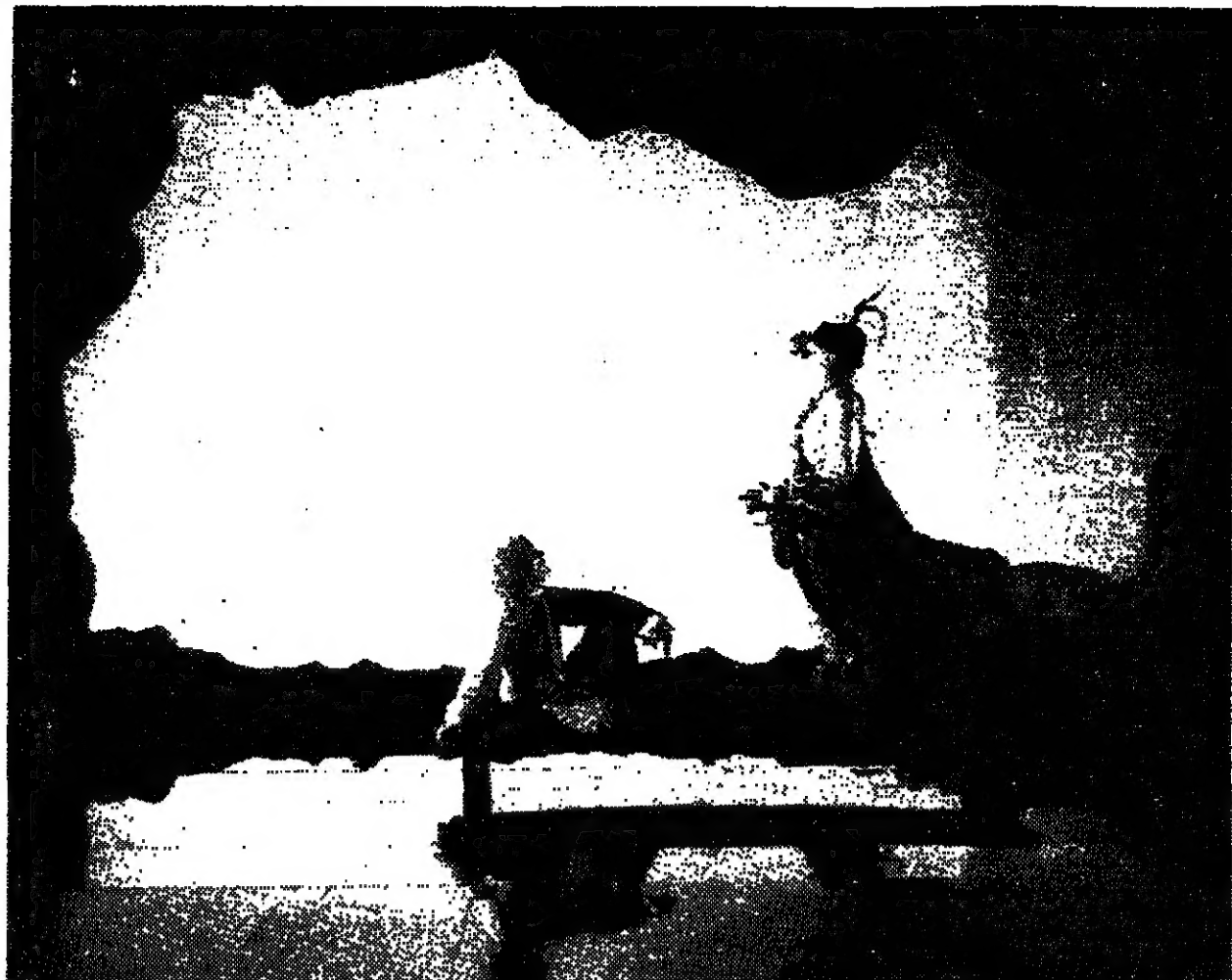
By THOMAS QUINN CURTISS

PARIS  
In Paris these days, one hears that franc-conscious citizens are substituting sandwiches for copious luncheons, that automobile and retail sales are below par and that the remaining millionaires in the realm are riding the Metro. All of which may be possible, but a large segment of the public nevertheless has ready money for theater-going and is spending it generously every evening. Since September, in fact, 48 productions have opened in Paris and a surprising number of them have attained instant success.

Three new French plays are from feminine hands. Loleh Bellon, an ex-actress who took to playwriting a few years ago and has had two previous hits, has another with her new play, "De si tendres liens" ("Such Tender Bonds"), a delicately composed study of a mother-daughter relationship over the years, movingly acted by Dominique Blanchard as the mother and by Nelly Borgeaud as the daughter (at the Studio des Champs-Élysées).

Nina Companeez, a film scenarist, has made her debut as a dramatist with "Le Sablier" ("The Hour Glass"), handsomely produced at the Antoine. It sketches the differing fashions in romance in France during the last three centuries. The curtain rises on chateau life under Louis XV, a pastiche of 18th-century literary revelations drawn from the amorists of that age with a soupçon of Voltairian skepticism and with passion reduced to a drawing-room pastime. The following act is set in 1830's Paris, with Balzac's moneyed bourgeoisie busily at the love game. In the concluding act, which takes place in modern times, Miss Companeez resorts to movie clichés and actually ends her play with a Gershwin melody and the hero and heroine deciding, after acrimonious debate, to "start anew." The play is performed with high style — as long as

Thomas Quinn Curtiss is theater and film critic for the International Herald Tribune in Paris.



Marc Delsaert and Gerard Desarthe in Corneille's "Illusion," staged by Giorgio Strehler

the script allows — by a competent company headed by Francis Huster. Maria Pacome, an actress in active practice who is also a playwright, has included a role for herself in her light comedy, "On m'appelle Emilie" ("They Call Me Emilie"), which concerns a trio of resolute squatters who resist the reforming zeal of an inquisitive journalist intent on converting them to bourgeois conventions. Her new play, a success at the Saint-Georges, is aided by her own pleasing presence on stage and by the whimsical humor of her fellow comedienne, Odette Laure.

Samuel Beckett's hour-long playlet, "Compagnie," has Pierre Dux, long of the Comédie-Française (and its former administrator), as its sole figure in a production Pierre Chabert has directed at the tiny studio salle of the Théâtre du Rond-Point.

Clad in a dressing-gown and seated in an armchair under a spotlight, Mr. Dux with weary resignation renders the monologue of an old man aware that death is close at hand. He recalls experiences from various chapters of his life that dominate and recur in his memory. The staging strongly suggests that he is in a suspended

state as his memories flicker and flare — the spotlight above him dimming now and again — in a purgatory between the heaven and hell of existence. There is a binding fascination to this macabre recitation with its chill of doom, a sample of Beckett's nihilism and dark irony at its most characteristic.

1984 marks the tercentenary of Corneille's death. Several of his dramas are permanent fixtures of the national repertoires and this season has brought him additional tributes. At the Cité Internationale Universitaire, a troupe of admiring players is acting out incidents from his biography in a quasi-play dealing with his troubled career, which opened with a burst of morning glory and terminated in bleak old age after he was overshadowed by Molière and Racine.

The "great, good Corneille," as he was known, is also receiving fitting honor with a superb production of his enchanting fairy-tale, "L'Illusion," which Giorgio Strehler has mounted

with stunning settings and inventive lighting as its deluxe illustrations at the Odéon.

This 1636 fantasy (in which an anxious father consults a wizard to discover what happened to his long-lost son and through the magician's sorcery has glimpses of his offspring's adventures from afar) was a success in its day. There followed three centuries of neglect, until, on its 300th anniversary, the play was revived in 1936 by Louis Jouvet, a resurrection that restored its popularity. It seems unlikely, however, that it has ever been seen to better advantage than in Strehler's gorgeous version, a wonder of astute theatricality.

There is a directorial urge these days to strip every play to its bare essentials, the notion being that the naked script speaks for itself. This is a theory to which Strehler, a disciple of Gordon Craig, does not subscribe. It is his practice to banish the footlights and light the stage from within its frame. He opens Corneille's playful fantasy with a disclosure of a soaring mountain, a cliff of the white-magic sorcerer. The son-searching father and his guide stand before it, dwarfed like the human figures of a Chinese landscape, in awed amazement.

Then, viewing the visions conjured up by the wizard, they behold the runaway boy as an apprentice to the boastful rogue Matamore, who struts in proud parrot costume, tripping over his swirling cape. After some more magical scene-shifts, there follows a play-within-the-play set in a 17th century theater, in which we witness the enactment of a bombastic revenge tragedy (Corneille spoofing the absurdities of his rivals' dramaturgy), and the joyful reunion of father and son. This is a dramatization of a classic text which calls upon every resource of design and staging. In a word, total theater.

In "Yalta," Vladimir Volkoff, a prolific French-born author of Russian origin, has sought to summarize the 1945 Big Three conference with hints of its results in a theatrical frame.

His portraits of Churchill (as the would-be savior of British power and influence), of Roosevelt (as a credulous, ailing idealist), and of Stalin (as a sly strategist manipulating for fu-

ture gains) are sufficiently persuasive on the surface, and their imagined discourses hold one's interest, but they add nothing to our stock of information. What Volkoff has inserted into his transcription of the familiar historical reports is very amateurish stuff. There are interruptive symbolic interludes in which a bevy of girls in long white nightgowns leap about and grovel on the floor as the suffering spirits of Poland and the war-torn earth, and there is a scene in which Stalin, left alone with a vodka bottle, is visited by the ghost of his wife who either shot herself or was shot.

There is one glaring error of fact that may make American visitors smile. Roosevelt, a high-church Episcopalian, declares at one point that he is a Presbyterian.

But the main predilection of eager Parisian theatergoers this season is not for grave ruminations over the Yalta conference. What they seem to prefer is politics in a light vein, as in the Pierre-Jean Vailland-Christian Vebel revue, "Les Zeros sont Fatigués," at the Deux-Anes, with its roasting of the present regime. Thierry Le Luron's one-man show at the Gymnase, in which he imitates the politicians of right, left and center, is also popular. And Parisians relish Brendan Behan's "Hostage" (revived at the Madeleine), with its I.R.A. activities in a Dublin brothel treated as wild travesty, although they passed up Brian Friel's "Translations," a thoughtful study of the Irish troubles, which, though the recipient of good notices, was taken off after a short run.

Great acting is an assured draw, as proved by Michel Bouquet's masterly characterization of the petty-minded, old army officer who hates his wife so implacably in Strindberg's "Dance of Death" (at the Atelier), but the Parisian audience in large measure is in a "don't disturb" mood and is hungry for make-believe. Hence the triumphant return to favor of the musical show, from Offenbach opera-bouffes to Johnny Hallyday's "super-spectacle" at the Zenith, in which rock, psychedelic lightning and high hysteria are combined. Jerome Savary's slapstick version of "La Perichole" is at the Marigny and Jorge Lavelli's more elegant "Orphée aux enfers" is at the Espace Cardin.

## David Lean Brings 'A Passage to India' to the Screen

By ALJEAN HARMETZ

LOS ANGELES  
When "A Passage to India" opens in New York on Friday, the signature of David Lean will once more be written on celluloid — after an absence of 14 years.  
"I'm quite an old gentleman, I'm 76, and they half expected I couldn't do this," he says. "The 'they' is ambiguous, but it obviously includes both the myriad of Hollywood executives who rejected 'A Passage to India' as uncommercial and the friends who fussed about an old gentleman spending uncomfortable months beneath the hot Indian sun. The 'this' is writing, directing and editing a \$14.5 million, 2 hour and 44 minute film version of E.M. Forster's 1924 novel about the inability of cultures to understand each other, as played out between the English who ruled India and the Indians they ruled."

David Lean's 42-year career as a director consists of only 17 movies. What is extraordinary is how many of those movies remain memorable and how far they range — from the classic black-and-white love story "Brief Encounter" and Charles Dickens's "Great Expectations" to huge Technicolor epics. Between "Blithe Spirit" in 1946 and "Ryan's Daughter" in 1970, David Lean's films won an astounding 25 Academy Awards, including seven apiece for "The Bridge on the River Kwai" in 1957 and "Lawrence of Arabia" in 1962. And Mr. Lean was nominated as best director six times and won twice.

"A Passage to India," which stars Dame Peggy Ashcroft, Alec Guinness and Judy Davis, will reach New York 13 months to the day after it started shooting on Nov. 14, 1983, in Bangalore, India. "He has extraordinary stamina," says Richard Goodwin, the movie's co-producer. "Through hours of standing up in the hot sun, none of us could keep up with him. The huge camera people were always going down with these tiny little bugs, but all three of our people over 70 — Alec Guinness, Peggy Ashcroft and David — were the toughest of the lot of us."

"What people don't understand is that when you're really keen on something, it sets the adrenaline going," says Mr. Lean. "I can beat a man half my age when the adrenaline's flowing."

He has a large, imperial face that would be the envy of a caricaturist — huge ears, a long nose, a shock of white hair over his forehead. There is no hesitation in his manner. His handshake is hearty, his voice loud and he tosses his head like a lion tossing its mane.

unsatisfactory half-answers. "I work like mad, but I'm also very lazy," he says. Then, "I like to travel." Finally, he speaks of the three years he wasted preparing a movie of the mutiny on H.M.S. *Bounty* for Dino de Laurentiis, a movie eventually made by someone else. "The worst thing that's happened to me in a long time was meeting Dino de Laurentiis," he says. "The *Bounty*," he feels, was the best script he and Robert Bolt — who wrote "Lawrence of Arabia," "Dr. Zhivago" and "Ryan's Daughter" — had ever had together, but Mr. de Laurentiis thought their movie would be too expensive."

However, David Lean did not begin preparing "The *Bounty*" until 1978, eight years after "Ryan's Daughter."

An intensely private man, Mr. Lean offers no entry into his feelings during those eight years, but others speak of

**Getting the film rights was far easier than raising the money to make the movie.**

how devastated and humiliated he felt when he was invited to the Algonquin Hotel in 1970 to be honored by the National Society of Film Critics and was, instead, unexpectedly attacked by several of the critics. "How could the man who had made 'Brief Encounter' make such garbage as 'Ryan's Daughter'?" was the point of the attack," says one friend. "He sat it out for an hour-and-a-half. It hurt him very deeply."

"And he was enormously rich. He didn't have to work," says another.

Always thirsty for exotic places, he soothed the pain by roaming the world. Peter O'Toole, his *Lawrence of Arabia*, has said of him that "you've never seen a man so much in love with the desert." He lived first in Rome, then in the South Pacific on a Boston whaler, with the young woman who was to become his fourth wife. "We've been together 17 years and when we got married four years ago no newspapers found out about it," he says, sounding slyly pleased at having slipped one over on a world that has always invaded his privacy too much.

David Lean once said that the hardest part of being a filmmaker was "finding a story to fall in love with." He fell in love with the characters in "A Passage to India" in 1958, when he saw the play Santha Rama Rau had derived from the novel. He tried to buy the film rights then, but E.M. Forster disliked movies and was afraid that a film would not capture his delicate balance between the Eng-

lish and Indians. At the center of "A Passage to India" is the unanswered riddle of whether, during an outing to the Marabar caves, an Indian doctor, played in the movie by Victor Banerjee, has attempted to rape a young English girl, played by the Australian actress Judy Davis.

When John Brabourne, who had tried for a quarter of a century to buy the movie rights, finally succeeded in 1981, he called Mr. Lean. Once Mr. Brabourne had identified himself, Mr. Lean didn't even bother to say hello. "What did happen in the caves?" he asked.

Getting the movie rights turned out to be much easier than getting the money to make the movie.

"It was a horror story," says Mr. Goodwin, who had co-produced with Mr. Brabourne a series of high-style entertainments based on Agatha Christie novels, including "Murder on the Orient Express." "One studio said they would give us the money if we had an explicit rape scene in the caves. Another said it was a waste having a central character played by Peggy Ashcroft because young people are bored by old people."

In October 1982, Mr. Goodwin and Mr. Brabourne had scrounged just enough money to stay at the Bel-Air Hotel here for a month while they were being turned down. "We never really knew we could make the movie until a fortnight before we started. We were surviving on good old American Express and a lot of unpaid bills," Mr. Goodwin says.

"Everybody said, 'This will be a good art house film' when they turned us down," says Mr. Lean, who used his own money for the necessary trip to India to scout locations. "A terrible time. I went out on a limb and hoped for the best."

Eventually, financing was stitched together from private investors, tax shelters, Home Box Office and \$1.5 million from Columbia Pictures.

Waiting now for the movie to open, Mr. Lean is imperious, courtly, and, although he does not admit it, frightened. "I haven't had a good writeup in years," he says too heartily, quoting by heart a major critic on "Lawrence of Arabia": "This film is as devoid of humanity as the sands of the desert it portrays."

The unspoken question is what critics will make of his intricate, lovingly crafted "A Passage to India," with its exquisitely frugal use of time and money and image to set up the clash of cultures, and its rich tapestry of colors — he has spent weeks "cross-eyed" in the M-G-M laboratory perfecting each print, worrying that "The leaves could look much lusier, more tropical."

Why, at the age of 76, does he want to make another movie and as quickly as possible? A long time ago, he answered a similar question with, "Some people say I have celluloid instead of blood in my veins. I simply can't help it." Now, he says, "It's a terrific thrill, a kick," and then, less guardedly, "I'm not sure it's not simply, 'Mommy, come look! Look at that bird, at that rock.'"

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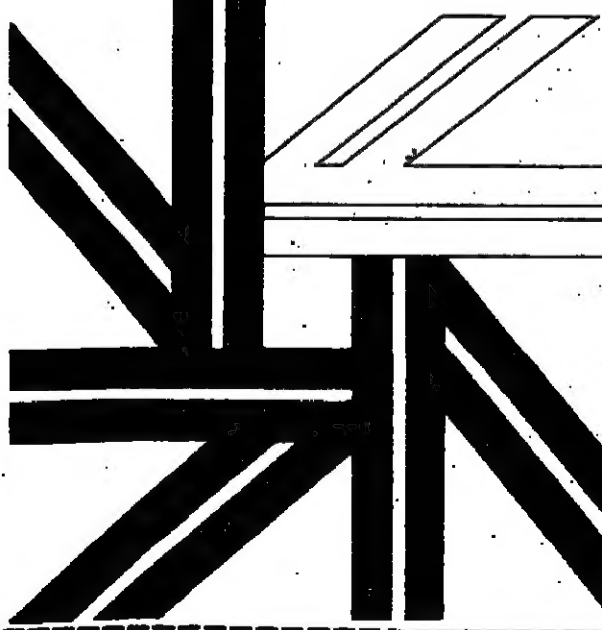
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